

## IN THE COURT OF THE TRANSPORT TRIBUNAL

TRANSPORT ACT, 1947—PART V

IN THE MATTER OF THE APPLICATION OF THE  
BRITISH TRANSPORT COMMISSION (1953 No. 134)TO CONFIRM THE  
BRITISH TRANSPORT COMMISSION  
(PASSENGER) CHARGES  
SCHEME, 1953

TUESDAY, 10TH MARCH, 1953

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FOURTH DAY

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# PROCEEDINGS OF THE TRANSPORT TRIBUNAL

TUESDAY, 10th MARCH, 1953

PRESENT:

HUBERT HULL, Esq., C.B.E. (*President*)

A. E. SEWELL, Esq.

J. C. POOLE, Esq., C.B.E., M.C.

Mr. HAROLD I. WILLIS, Q.C., Mr. E. S. FAY, and Mr. KENNETH POTTER (instructed by Mr. M. H. B. Gilmour, Chief Legal Adviser to the British Transport Commission) appeared on behalf of the British Transport Commission.

Mr. H. V. LLOYD-JONES, Q.C., Mr. LEON MACLAREN, and Mr. GEORGE MERCER (instructed by Mr. J. G. Barr) appeared on behalf of the London County Council.

Mr. GEOFFREY LAWRENCE, Q.C., Mr. J. RAMSAY WILLIS and Mr. CHRISTOPHER HODSON (instructed by Sir Clifford Radcliffe, C.B.E., Solicitor and Clerk to the Middlesex County Council) appeared on behalf of the following County Councils: Middlesex, Berkshire, Buckinghamshire, East Sussex, Essex, Hertfordshire, Kent, Surrey and Southampton.

Sir SHIRLEY WORTHINGTON-EVANS (instructed by Mr. Desmond Heap, Comptroller and City Solicitor) appeared on behalf of the Corporation of London.

Mr. J. RAMSAY WILLIS (instructed by Mr. W. O. Dodd, Deputy Town Clerk) appeared on behalf of Brighton Corporation.

Mr. G. R. ROUGIER (instructed by Mr. Archibald Glen, Town Clerk) appeared on behalf of Southend-on-Sea Corporation.

Mr. G. R. ROUGIER appeared on behalf of County Borough of Southend-on-Sea Railway Travellers' Association.

Mr. D. J. TURNER-SAMUELS (instructed by Mr. W. H. Thompson) appeared on behalf of London Trades Council.

Mr. GEOFFREY RIPPON (instructed by Mr. R. H. Buckley, Town Clerk) appeared on behalf of East Ham Borough Council.

Mr. GEOFFREY RIPPON (instructed by Mr. G. E. Smith, Town Clerk) appeared on behalf of West Ham Borough Council.

Mr. GEOFFREY RIPPON (instructed by Mr. G. E. Smith, Town Clerk) appeared on behalf of South-West Essex Traffic Advisory Committee.

Mr. C. OSMOND TURNER (instructed by Messrs. Carpenter, Wilson & Smith) appeared on behalf of London Passengers' Association.

Mr. GEORGE W. REYNOLDS represented London Federation of Trades Councils.

Miss DOROTHY D. FORSTER represented the Walthamstow Trades Council.

Mr. J. W. SYKES represented Edmonton Trades Council.

Mr. F. A. RULER represented the Federation of Residents' Associations in the County of Kent.

Mr. W. J. LUXTON represented The Association of British Chambers of Commerce.

Miss H. C. HART represented The National Association of Women Civil Servants.

Mr. N. J. LEWISOHN represented Whyteleafe & Kenley Residents' Association.

Mr. C. M. HAMILTON represented The Accountant-General's Department, Civil Service Clerical Association (Bickley Branch).

Mr. HYMAN FRANKEL represented The National Union of Bank Employees.

Mr. J. F. FLEYDELL represented Pitsea, Vange & District Resident Ratepayers' Association.

Mr. STANLEY MAYNE represented the Institution of Professional Civil Servants.

Mr. D. KELLY represented the South Essex Branch of the Communist Party.

Mr. J. E. MORRISH represented the Post Office Engineering Union.

Mr. J. REID represented the Amalgamated Engineering Union.

Mr. ALEXANDER HALLIDAY represented the Amalgamated Union of Bakers, Confectioners & Allied Workers, North London District.

Mr. D. J. D. WELLUM represented the Benfleet & District Railway Travellers' Association.

(*President*): Mr. Willis, I imagine that Mr. Potter will, as on the previous occasion, attend to the matter of corrections, if there are any, in the shorthand note.

(*Mr. Harold Willis*): I was just going to mention that. We propose, subject to your approval, to adopt the same system as last time. If objectors would hand in any corrections they think should be made in the note to Mr. Potter, the Transport Commission would co-ordinate those and in due course hand them in for the approval of the Tribunal.

Sir REGINALD HOLMES WILSON recalled.

Examination by Mr. HAROLD WILLIS continued.

132. What have you to say about that, Sir Reginald?—The £2,000 would be added to the Capital Account, not charged to revenue, except over the next fifteen years.

133. (*Mr. Poole*): Yes, I quite agree. That is what you want your reserve for?—Yes, that is what we want the reserve for, if one were asking for it on this occasion.

134. (*Mr. Harold Willis*): May we now pass to the consideration of the position in regard to London Lines? I now propose in your evidence to look a little further in connection with these services, at the relation between fares and costs. And in doing so, is it right that we

(*Mr. Poole*): You were just going on to London Lines. I would like to clear up one point in regard to this replacement cost. Take a hypothetical example: supposing a 'bus or vehicle cost £2,000 fifteen years ago and has been depreciated on that cost and has worn out and is replaced, and a new 'bus is bought which costs, say, £4,000 and there is a difference of £2,000, how is that charged? Against revenue?

(*Mr. Harold Willis*): I think so, but I think Sir Reginald would be far better able to answer that question than I am.

should have in mind that the traffics on London Lines represent about one-fifth of the total London area traffics?—Yes.

135. Do you then take the view that the costs in relation to that one-fifth ought to be disregarded when fares are being fixed?—No, not entirely. But our difficulty with the London Lines of British Railways is that they are, from a production point of view, an integral part of the main line railway system of the country. For the London Lines and for the London Line traffic, unlike the London Transport traffic, we have no separate financial accounting. That would be impossible. Any assessment of the

10 March, 1953]

Sir REGINALD HOLMES WILSON

[Continued]

costs imputable to the London Line traffic, therefore, is very much a matter of estimating. It is a matter of costing inquiry, if you like. The costs of London Transport services, by contrast, are known more or less exactly, and since it has been decided at succeeding inquiries that the fares of London Transport and London Lines ought to be the same—which, if I may say so, I am sure in my own mind is correct—it does seem reasonable enough not to attach too much weight in terms of policy to figures purporting to represent the separate cost of the London Line services. After all, as I said, it is only a costing estimate which you can do.

136. And if one accepts that, it means, in effect, does it not, that London Transport costs, which can be dealt with with precision and which you have already dealt with in some detail, are mainly the determining factor in fixing the prices to be charged for London Lines? Do you consider that result to be a satisfactory one?—Well, I would say, in the first place, that in the circumstances it is inevitable. And again, in the circumstances of this case, I think I can say that it is not unsatisfactory. We have to remember that the fare revenues of the London Lines of British Railways are hardly more than one-fifth of the total, whereas London Transport services represent four-fifths, with a reservation, which I will mention in a moment. I, therefore, think it is proper to allow the fare level required on London Transport services to determine at least the fare level of London Lines. My reservation was important, and it is this: there must be no fundamental difference between the costs of these two parts of the same service in the London area. That is to say, the London Line costs must not diverge greatly from the London Transport costs. In other words, provided the London Lines do not show unconscionable profits or absurd losses as the result of using the same fare level as London Transport, I think the position is really satisfactory and proper.

137. And the position arising in connection with London Lines is not by any means unique in the railway system of this country?—No, there are many other local parts of the main line system throughout the United Kingdom which produce, by reason of fares policy, rather more or less than the costs which might be imputable to the particular service concerned. Provided there is no vast gap between the revenue derived from London Line traffic and the costs which may be imputed to such traffic on any basis of calculation which is not unreasonable, then, I think, the position is fair and proper in the circumstances.

138. In the case of London Lines, have you satisfied yourself that there is, in fact, here—on the estimates you have been able to make—no gap of this kind?—Yes, we have so satisfied ourselves. A precise costing of the traffic of London Lines is not possible. Indeed, I think I ought to go further so that we may be quite clear about the matter and say that any attempt to cost them is bound to result in figures which will be, to some extent, a matter of opinion rather than a question of fact. It is, unfortunately, not possible to obtain what we would usually describe as an accurate figure. We have to admit a certain margin of error, or a margin within which the figure must be to some extent a matter of opinion and not fact. That margin is fairly substantial from some points of view, but it is better to have some calculation, provided it is not abused, than to have no calculation at all, and from such calculations as we have been able to make we would say that the revenue to be derived from the services known as London Lines do not exceed the costs which might fairly be imputable to the traffic on those London Lines.

139. For the purpose of arriving at that broad conclusion, what sort of calculation have you made?—The calculations we can make are full of assumption, but we start from a certain base in all of them—the vehicle operating costs. This base is by no means secure and I fear that we pile on assumption after assumption until a final figure is reached. I am sorry about the imprecision but it is inherent in the situation. The bulk of the costs of London Lines is joint with other costs of traffic such as the main line express, or the local train which begins outside the London area, say in Chatham or Cambridge; the parcels trains, general merchandise trains and coal trains. I might add that even the simple vehicle movement costs taken by themselves are not always specifically the London Area

services. Many of the trains carrying London area passengers begin outside the London area and an arbitrary formula has to be used here. However, we have built up the calculation, for what it is worth, and we arrive quite happily in our minds at the conclusion that there is no serious gap between the figure for the costs and the yield of the fares proposed.

140. Perhaps you would now tell the Tribunal what comparisons you have made for the purpose of ascertaining whether there is this gap that you have referred to?—The total receipts from London Lines are estimated, after the proposed increases, at £21.7m.

141. That is the figure which Mr. Valentine will be speaking of in due course?

(President): It is item 1 in 401.

142. (Mr. A. E. Sewell): That £21.7m. would be a fairly accurate figure?—Yes.

143. (Mr. Harold Willis): The difficulty in the case of London Lines is on the expenses side, not the receipts side?—Yes, when we come to our attempt to estimate expenditure we start with an estimate of the cost of vehicles. For this we arrive at a basic figure of £12m.

144. You will explain in a moment, will you not, that you are putting the Board picture first?—Then, having got that £12m., our first addition is the addition of £4m. for the terminal and other costs of the passenger services. That is based on a percentage, which I will deal with in a moment, if I may. Then there is a further addition, which also happens to be £4m.—no doubt we shall get into confusion on this in due course—for the joint costs; that is to say, the costs which are joint between the passenger and the freight services—mainly track costs and things of that sort.

145. Is that figure also based on a percentage with which you will also deal?—That is so. Having got the £12m. and the first £4m. and the second £4m., which are additions fully justified by assumptions which are reasonable in my view, we then have a total of £20m. To this we add £2m. for the contributions to interest and other central charges as on previous occasions, and we have the figure of £22m. in all. £21.7m. for the receipts, and our costing exercise has given us a figure of £22m. for the expenses imputable to these particular services.

146. Having given the position you have reached, would you explain your figures in a little more detail?—I think I mentioned at the last Inquiry that our starting point for the estimates of vehicle movement costs was the operating allowance under the pre-war London pool which existed between the L.P.T.B. and the main line railway costs. We took this formula for the 1938-39 operating allowances which were expressed as a rate per mile, and we adjusted them to reflect, so far as possible, the increase in wage rates and price levels since 1938-39. We then further adjusted the figures for certain minor differences between the content of these operating allowances and the content of the vehicle movement costs. Since the last Inquiry we have looked at these calculations again, especially at those for the electric services. And we now think that they ignore unduly certain matters which, though very small in themselves, have a not insignificant influence on the total cost.

147. What sort of factors have you in mind there?—Examples are the enhanced rates which are now being paid for Saturday afternoon work. Then it appears there is increased consumption of electric current, due to improved heating and lighting of rolling stock, and our changes in the character of the services since 1938-39.

148. And I think you have also been able to check the accuracy of the method adopted last time in another way, have you not?—Yes, we have been able to look at the old calculation in the light of the fresh estimate made by the Southern Region Accountants for domestic purposes. They have recently costed out their suburban electric services—that is, the Southern Electric Services—and on the basis of actual costs at the present time. This estimate is not based on such a complete statistical analysis of figures as was prepared for the London Pool discussion in 1938-39. On the other hand, it has the advantage of avoiding any need to attempt to estimate the effect in detail of each of the multifarious changes in rates of condition, of work and in price levels and in all the circumstances of the operation over such a long and distorted period as the thirteen years since 1938-39.



10 March, 1953]

Sir REGINALD HOLMES WILSON

[Continued]

149. You have all these various figures before you; you have made three separate estimates, have you not, of the total vehicle movement cost—steam and electric—on the London Lines?—Yes, our first estimate took the rates per mile which were shown in B.T.C. 108 at the last Inquiry, and we adjusted them only for changes in wage rates and price levels since 108 was built up. And we multiplied the new rates per mile so obtained by the mileage which is going to be run in future, as shown on B.T.C. 501. And the figure so arrived at for vehicle movement costs, or perhaps I should say the result of that mathematical basis is £11.2m. for "Y" year.

Now, as I said before, that first basis—used at the last Inquiry—had certain defections. We therefore went on to make a second estimate.

150. (President): What is the figure arrived at by adjusting the former B.T.C. 108? £11.2m.?—Yes.

151. (Mr. Poole): That compares with the £10.6m.?—Yes. Our second estimate proceeded also on the basis of the old formula, but revised, so far as electric services are concerned, to take into account the additional factors of change to which I have referred—that is to say, the Saturday evening wage rates, the heating and other factors. We then arrived, on this second basis, at a figure of £11.6m. for the movement costs in "Y" year. That is £0.4m. put on to the figure of £11.2m.

Then there was the third estimate. This third estimate also accepted the earlier calculations so far as the steam services are concerned, and they followed the second estimate so far as all the electric services were concerned, other than the Southern suburban. In the case of the Southern suburban services—and these are two-thirds of all the electric services of London Lines—we have replaced the London Pool formula by the latest Southern Region calculations to which I have referred, that is to say, the calculations made by the Southern Region accountants based upon up-to-date costs.

152. (Mr. Harold Willis): What figure did you get on that third basis?—The third basis gives a figure of £12m.

153. Would one be right in saying that the third estimate is the one which is in largest measure based upon up-to-date information?—Yes.

154. Proceeding from the moment from the figure of £12m. as the vehicle movement costs, what is the next step?—We added to these vehicle movement costs the sum of £4m. as I said, to take care of the terminal and commercial expenses. We have added 33½ per cent.—or, I prefer to say, we have added one-third. This is approximately the figure which was used on the last occasion.

155. In point of fact, it was 32 per cent. last time, I think?—Yes, but I really do not think one can pretend to accuracy of that sort; I would rather say we added one-third.

156. (Mr. Poole): One-third of the £3.4m.?—We added one-third to the £12m. As I said on the last occasion—and everything I have seen since confirms my view—that one-third was, if anything, on the low side. However, let us add that one-third; that is £4m. to be added to the £12m., and we then have £16m.

157. (President): That is as opposed to the figure of £10.6m.?—Yes, Sir. To proceed, we then took the £16,000,000, and we have still to add the contribution to the track and other costs which are joint with the non-passenger traffics. We have taken that at one-quarter, because again I really do not like to accentuate that matters can be dealt with so accurately as to add a figure of 26½ per cent.; I prefer to say that we do it in the rod, and add one-quarter, which is roughly the same as last time. We add one-quarter to £16,000,000 and the working expenses are brought up to £20,000,000.

158. (Mr. Harold Willis): To that £20,000,000 do you add a contribution towards Central Charges?—Yes—£2,000,000 as on previous occasions. That gives us the total figure of £22,000,000.

159. How does that result compare with the provision at the previous Application?—The working expenses of £20,000,000—that is to say, the total figure excluding the Central Charges—compares with a total for working expenses of £18.2m. on B.T.C. 108 as revised.

160. Was half a million added to the £17.7m. shown on B.T.C. 108?—Yes; it was added at the Inquiry. I

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have it marked in my copy, but I do not know whether everybody else has done that. That £17.7m. became £18.2m. during the course of the Inquiry.

(Mr. Harold Willis): There was no further B.T.C. 108 put in in the course of that Inquiry, Sir, but the alteration was referred to.

(President): Was it not a wage alteration?

161. (Mr. Harold Willis): Yes, Sir. (To the Witness): I think it was due to a wage alteration, was it not?—You will find it dealt with in Question 3661 of the Minutes of Evidence of the last hearing.

162. That is at page 353; it was a matter where there had to be a correction. If I may shortly indicate the position, owing to these wage increases a figure of £2.5m. was added to the working expenses of London Transport and £0.5m. to the working expenses of London Lines?—Yes; there is a correction marked in my copy.

(Mr. Harold Willis): It was printed "£6.5m.", Sir; it should be "£0.5m."

(President): Yes; the correction has been made in our copy.

(The Witness): So that if we compare the figure of £18.2m., which was where we left this last time, with the figure of £20,000,000, the increase is £1.8m., and this consists mainly of the increase in wage rates in the autumn of 1951 to the extent to which it had been taken into account in the revision of the Exhibit. There were further increases of wage rates in the autumn of 1952 and increases in the price of coal in December, 1951. I am afraid I cannot analyse the figure exactly; of course, the figure of £1.8m. must also reflect to some extent the figures on the basis of the calculation to which I have referred, and, on the other hand, some economy in mileage, an increase roughly of the same comparative order as the increase in London Transport.

163. You have dealt with the ultimate position if you take the basic figure of £12,000,000 for vehicle movement?—Yes.

164. I think you have also looked at the matter, taking a basic figure for vehicle movement of £11½m. instead of £12,000,000, to see what result you reach?—Yes. We have looked at the result on that basis, but I see no reason for the reduction of £12,000,000 to £11½m. £12,000,000 does, after all, reflect our most recent knowledge on the subject, but if you want to go through the arithmetical processes it is true that if we take £11½m. instead of £12,000,000 as a basis, we would come to the figure of £21,000,000.

165. If I may just give you the figures so that everybody may follow, the one-third on the £11.5m. produced £3.8m., making £15.3m. at that stage, to which is added 25 per cent. joint expenses and another figure of £3.8m., making a total of £19.1m.?—That is so. Then we still have the £2,000,000 to add for Central Charges.

166. And I think to avoid any confusion, there should strictly be deducted from London Lines Central Charge contribution a figure of £0.1m. for their share of commercial advertising, otherwise we may find this £0.1m. missing?—It is possible to argue that London Lines ought to have some share in the advertising receipts of British Railways, but I think it would be very small indeed. To put in the figure of £0.1m. would be merely to put in a notional figure.

167. If that be the final result, whether it is the figure of £21m. or £22m., how do you consider that figure as a fair figure in relation to the estimated yield of £21.7m.?—Whether it is £21m. or £22m.—and I stick to the figure of £22m.—it is exceedingly close to the estimated yield of £21.7m.; and I do feel, having regard to the element of error which these figures inevitably contain, that we are justified in coming to the general conclusion that there is no identifiable or provable gap between the estimated receipts and the cost of London lines. I would add that I feel able to tolerate a rather larger gap before I would abandon the position that fares on London Lines of British Railways should be fixed in accordance with the fares which have to be fixed for London Transport services proper, on the very firm basis of the London Transport costs. The London Transport costs are more or less completely firm, whereas the costings used on London Lines are by no means so firm.

10 March, 1953]

Sir REGINALD HOLMES WILSON

[Continued]

168. So much for that aspect. Now may we try and look at it from a slightly different viewpoint. Suppose the fares on London Lines were fixed in relation to the fares on British Railways as a whole instead of in relation to London Transport; what you would find then would be the position?—The fares in operation up and down the United Kingdom on the Main Lines vary considerably, not only category by category, but also to some extent from place to place. So it would be a matter of policy as to what the fares would be if they were fixed in relation to British Railways as a whole. But taking the three main groups of typical fares on British Railways which can be clearly identified, I think the answer is that there would be no change in two of the fare groups at all. I have referred to the fare scales from early morning tickets and season tickets; those represent the bulk of the fares by London Lines and British Railways, and they are the same outside London as inside London. So in those two main groups it would make no difference whether we fixed the fares in relation to the fare structure outside London or inside London.

That leaves the ordinary fares. So far as the ordinary fares are concerned, these are also on the same basis as outside London, except on the Southend Line. The Southend single fares are on the same basis as the fares of London Transport, and therefore would need to be increased rather more than as proposed under this Scheme, if we wanted to bring them up to the standard level of fares outside London.

The same applies to the day return fares in operation on London Lines other than Southend. The result is, therefore, that all the fare scales on London Lines would be either the same as, or higher than, those now proposed if they were to be brought into line with the rest of the country outside London.

169. We ought perhaps just to have in mind that outside London there are various types of reduced fares for local journeys; are they relevant to our consideration?—If they are merely from place to place and are adjusted in the particular circumstances, I would not think they would weigh very heavily.

170. It would not be appropriate to apply fares in London to fares of such a character outside, fixed in relation to those based on purely local conditions?—No. I think in general it is true to say that the fares on London Lines would rise rather than fall, if they were assimilated to the British Railway pattern rather than to the London Transport pattern as at present.

171. I think it would be convenient if, in regard to the London Area, we can sum up the position as you see it. First of all, we find this, do we not, that the total proposed yield in the London Area is shown on B.T.C. 510?—That is so.

172. That is the total of the last two columns of that Exhibit?—Yes.

173. We get the "Y" Year at existing charges £88,249m. and an estimate of net increase of £6,103m. That gives you a total figure, speaking in round figures, of £94m.?—Yes—£94.3m.

174. So far as the yields are concerned, of course, the matter is going to be dealt with in greater detail; but in general are you satisfied that that yield is fairly assessed?—Yes—and may I add that a moment ago I was wrong when I said "£94.3m."; that is £94.4m. to the nearest thousand.

175. I think you have said that you are satisfied that it has been fairly assessed, and the commercial witnesses are going to deal with the matter in detail in reaching the conclusion that the assessments are fair. Have you had regard to the accuracy of earlier assessments?—Yes. We have looked back at our earlier assessments to try and learn from them, and I think we must say that on the whole our previous assessments have proved reliable. I am satisfied with the present assessment also.

176. Of this £94.4m. precisely, is about £72.7m. to be derived from the passenger element of London Transport?—Yes.

177. And I think there is a figure of £0.4m. for miscellaneous receipts?—Yes.

178. That is all set out on B.T.C. 401?—That is so.

179. Giving a total figure for London Transport of £73.1m.?—Yes. That is line 10 of Exhibit B.T.C. 401.

180. And about £21.7m. of the total comes from London Lines?—Yes; that is also shown in B.T.C. 401 at line 1.

181. With regard to the figure of £73.1m. from London Transport, do you estimate that costs of almost the same amount will accrue?—Yes. You will remember that that was the figure of £72.3m., and I explained that that was certainly not an overstatement, and that all the possibilities were that it might be an understatement.

182. The £72.3m. was the figure of working expenses—£68.2m. plus the £4.1m. net for Central Charges, which is £5.5m. less £1.4m.?—Yes.

183. With regard to the £21.7m. on London Lines revenue, do you estimate that on not unreasonable assumptions about the probable cost of the services the conclusion in all the circumstances is that the fare levels proposed are properly justified?—Yes.

184. Would I be right in expressing your view of the matter as far as London as a whole is concerned in this way, that the Londoner is only being asked to stand on his own feet and to pay no more than the bill which is being reasonably and properly incurred by the Commission on his behalf?—That is my view. I would stress also that the Londoner is being asked to pay no more than the rise in the specific costs of his services which have been inflicted on the Commission since the last Inquiry; that is to say, the proposed increase is justified not only by the complete re-budgeting of the situation, but also by an examination of what has taken place in the realm of costs since the last Inquiry. I should add also that it takes into account the considerable economies which have been achieved, or are in process of being achieved, in those services. As I think you have already said, the general evidence will be put before this Tribunal to satisfy, I hope, Objectors and others on the way in which the efficiency and economy of the London Transport undertaking is controlled.

185. I am much obliged. I think that concludes that part of your evidence which relates to London; may I now pass to the position outside London? The fares outside the London Area are contained, are they not, in a separate part of the Scheme?—Yes.

186. Do you also point out that this part of the Scheme covers a whole range of fares and traffics which are not homogeneous in the sense that the London Area and its traffics are homogeneous?—Yes. One can think of the London passenger as a unit, but it would be an error to think in terms of a single typical passenger outside the London Area, because the services and traffics up and down the United Kingdom are much too diverse—they vary very much in their nature. There are, of course, suburban traffics outside London in considerable magnitude in some areas, and these suburban traffics may be likened to the traffic of the London Area; but there are also the Main Line traffics which cater for a different category. Finally, there is the traffic on the cross-country and branch lines, stopping trains on the Main Lines, and other services. I emphasise, therefore, that we must have these differences and distinctions constantly in mind.

187. But taking this part of the Scheme as a whole for the moment, would you be good enough to tell the Tribunal the reasons which have influenced the Commission in regarding the yield of British Railways outside the London Area at £92.7m. as satisfactory?

(President): Or rather "as going to be satisfactory", if the additions were made.

188. (Mr. Harold Willis) (To the Witnesses): Satisfactory as a figure, that figure being the one, as you point out quite rightly, Sir, which includes the addition proposed under the Scheme?—Briefly because if this yield from the passenger traffics is added to the freight traffics on London Lines of British Railways, it will be sufficient to put the accounts of British Railways as a whole roughly in balance. If we look at B.T.C. 401, we shall see on line 7 that the net receipts of British Railways after the proposed Scheme would be £36.4m. If we add to that figure the income from advertising and rents attributable to British Railways amounting to £1.5m., we have a contribution towards Central Charges of £37.9m., and we have always considered that something of that order is a reasonable contribution from British Railways at this time.

10 March, 1953]

Sir REGINALD HOLMES WILSON

[Continued]

189. Of course, it is quite clear that the increases which are proposed only increase the yield to a small extent?—That is true. I think the explanation is twofold; first you will notice that over half the total yield is attributable—I do not mean the yield of the increases; I mean the total passenger yield of British Railways—

190. That appears from B.T.C. 601, does it not; it is line 9 of B.T.C. 601, compared with line 18, or £54,000,000 out of £92.2m.?—I have not that Exhibit in front of me at the moment, but I seem to remember the figures.

191. B.T.C. 601 sets it out quite clearly; it is line 9 as compared with line 18?—Yes; that is the £54,000,000.

192. That is the ordinary fares which you have adjusted?—Yes. As I say, that £54,000,000 is about half—it is over half—the receipts from passengers outside London; and the ordinary fares, you will remember, are nominally at the rate of 1½d. per mile. That is a comparatively high rate in relation to the probable costs of much of the traffic in that category, with the result that this traffic leaves us, so far as we can see, with a rather large contribution compared with the contributions which are made by other traffics. In other words, in relation to such allocation of costs as we can find reasonable by testing typical services here and there, it would appear that there is little justification for raising standard ordinary fares further.

193. Of course, you are only speaking in this connection in relation to the short or long-distance Main Line traffics?—That is so. The traffics on the branch lines, for example, would be in a different position, but to charge the branch line and cross-country traffics in relation to their probable costs would probably produce some quite extraordinary figures, and we would have to ask the Tribunal to approve maximum fares many times the present maximum. In other words, seen in isolation, the branch line and cross-country traffics often make no contribution to the joint costs of British Railways, apart from a contribution to Central Charges. In many instances they may not even yield the bare cost of providing and moving a train.

194. Does not the remedy in cases of that sort lie in putting the fares up to match the exceedingly high costs?—No. The position is not satisfactory, but the remedy does not lie in putting up the fares to match the exceedingly high costs—in fact, the fares would have to be astronomical in that case. The remedy lies elsewhere. The lines that appear to be permanently uneconomical or unnecessary may have to be closed, and for the lines that have to be retained the remedy probably lies in different methods of operation, different fares, different motive power, the introduction of the railcar, different classifications of the line, and so forth. It is unfortunate that these particular lines of traffic should be so unremunerative and that they should weigh so heavily on the really remunerative traffics; but this is a product of the march of time, and, if I may say so, to rectify the position will require considerable effort over a very long period of years; but at any rate the remedy at the moment is not to increase the fares.

195. Is this the second main reason why the Scheme asks for so little increase in the total yield?—That is the reason why the Scheme asks for so little increase in the total yield of fares outside London.

196. Do you express the hope that no-one will argue that because there are particular branch lines which are probably unremunerative, all other activities of the Transport Commission ought to be allowed to be equally unremunerative?—I certainly do.

197. What about the suburban railway traffics?—Suburban railway traffics outside London consist largely of season tickets and early morning tickets. The price of these is being increased on the same basis as in London, and we think that the total revenue from them may be roughly in balance with the reasonable imputations of cost against such services, except of course where the methods of operating the services are too old and where re-organisation and re-equipment are necessary.

198. Taking the passenger services on British Railways as a whole, would you say that they are so unremunerative as to weigh unfairly on the freights and parcels services of British Railways?—No. It is difficult perhaps to say what a fair weighting would be, but it is a fact

that the freight and parcels services of British Railways would be worse off if the passenger services ceased. In other words the passenger services as a whole—as I said a moment ago, I do not like speaking of them as a whole because they vary so much—are making a contribution towards the joint costs and the freight services are that much better off.

199. Can you give us any idea as to the size of their contribution?—No, I am afraid not. The position is changing the whole time, but a private investigation was made two or three years ago which showed that it was reasonable to assume that the passenger services as a whole were making a substantial contribution to the joint working expenses of British Railways, including the Central Charges of the Commission. How that would divide up between the three main categories of passenger services which I have just mentioned, I do not know.

200. Is it your feeling, as a result of tests on various traffics which are going on, that the contributions from the mainline trains and suburban traffics are, in the main, satisfactory?—Yes, especially where the suburban traffics are carried on by modern methods of operation.

201. But those satisfactory results were, to a large extent, offset by the less satisfactory results on the branch and cross-country traffics to which you have referred?—That is so. I am sorry I cannot be more precise. It is not possible to provide a global estimate, but I think we have described the position as it is.

202. Can we say, therefore, that at any rate main line traffics and suburban traffics outside London are being asked to make a fairly good contribution over and above their specific costs, just as the traffic on the lines inside London is being asked to do so?—Yes. That is my view of the position in general. I have said, of course, that there are great variations in the cost per passenger mile on the individual services, but in general I think the position is as you have described it.

203. And is it true that the average fare per passenger mile is higher outside London than inside London?—So far as the railways are concerned, and for what such a comparison is worth, the answer is Yes.

204. Is the more important aspect of the matter perhaps this, that British Railways as a whole are in effect, at the present time, standing on their own feet?—As at the date of preparing the Scheme, they would have been standing on their own feet if we had obtained the increases which are being asked for in this Inquiry. Since then, of course, there have been further increases in costs, coal has gone up again for example, and we shall have to cater separately for subsequent increases in costs and for the rising trend in future, if there is one. I do not want to pre-judge that. I am not saying for a moment that this, that or some other charge will or will not be increased; I am merely pointing out that there is already the beginnings of a gap opening up in our budget, and we shall have to see how we can deal with it, but, subject to that, British Railways would be standing on their own feet after the increases for which we are asking now.

205. Now I want to turn to a rather different matter. You will be familiar, I think, with the provisions of the Transport Act of 1947, that nothing shall be done in the way of Charges Schemes to hinder the Commission from balancing its revenues in total, taking one year with another?—Yes.

206. In your view, is there anything in this Scheme which will prevent the Commission from carrying out that duty?—No. If we may refer to Exhibit B.T.C. 401, we find that we may expect, after the proposed Scheme, to have a small surplus of £2m. a year for the Commission as a whole. As I have said, that was our expectation on the basis of the figures when they were made up. There being the increased costs to which I have referred since that date, when the position is constantly moving, all that we can do, I suggest, is to take the position as it was at some particular date and put forward proposals related to that particular position. We are constantly trying to catch up and alter our figures from day to day. Therefore that is what we have done in B.T.C. 401; we have taken the position as it was towards the end of December, 1952, and we say that the position shown in the last column of B.T.C. 401 reveals a final result which would be sufficiently satisfactory in the circumstances.



10 March, 1953]

Sir REGINALD HOLMES WILSON

[Continued]

207. Why do you say "in the circumstances"?—Because it makes little provision for dealing with deficits which have accumulated from earlier years, for building up a general reserve, for providing some contribution towards rising replacement costs, if that is thought proper, and in general because I feel that we are asking for a minimum sum. There is no margin whatever in the figures. As I have said earlier, we do not feel able to pursue these objectives with any force at this particular time, and therefore we would regard the position as shown in B.T.C. 401, the last column, as sufficiently satisfactory.

208. Would your view be the same if, instead of showing a £2m. surplus at the bottom of column 7, we found a £2m. deficit?—No. There is a world of difference between a little in the black and a little in the red. It

is essential that a deficit be avoided, not only for financial reasons, but because of the psychological effect, if I may say so, both on the public and on the worker. The public and the worker are the main influence, as I said earlier, on our pattern of costs. To force a deficit on the Commission, however small, is tantamount in my view to doing serious damage to the services. The Commission have avoided running into a deficit since about the middle of 1950. The Commission had a surplus in 1951, and so far as I can see all the signs are that there will be a surplus again in 1952—not a large one, in fact a very small one, but at least a surplus—and I urge, if I may, that it should be a cardinal point of financial policy to see that we do not slip back into the red in 1953, however difficult the position may be.

Cross-examined by Mr. MacLAREN.

(President): On behalf of whom are you cross-examining, Mr. MacLaren?

209. (Mr. MacLaren): The London County Council. (To the Witness): I think you made a point that London was not singled out in this Scheme, and I want to ask you about that. First of all this Scheme is virtually a Scheme for increasing fares in the London Area, is it not?—The Scheme as a whole is a Scheme for increasing passenger fares in the London area and outside it on British Railways.

210. The alterations made outside are purely consequential, are they not, upon the alterations made in London?—No.

211. The alterations outside are, as we know, early morning fares and season tickets; is that right?—Yes.

212. There are no other alterations proposed outside?—No.

213. It is to preserve the assimilation of the rates inside and outside London that those alterations have been made. Is that right?—No.

214. What further reason is there?—There is the reason which was touched upon in considerable detail in the last Report of the British Transport Commission, that is to say, it did seem to us on the basis of such information as is available, that an increase in season tickets and workers' tickets, or perhaps I ought to say in the local suburban traffics, would be justified.

215. I am sorry, but I do not understand "local suburban traffics". What do you mean by that? I did not understand your answer. You said "increase in the season tickets and local suburban traffics"?—The season tickets, and I used the words "workers' tickets" but I ought to have said early morning tickets, are the bulk of the local suburban traffics. The local suburban traffics were not making the same heavy yield as the long-distance traffics on British Railways. I have already explained that we saw no justification for putting up the long-distance traffics.

216. You told us just now, I think, if I understood it, that the suburban traffics were making a contribution to Central Charges outside London. Is that right?—Did I say "Central Charges"? I should have said "joint costs".

217. I want to ask you about the treatment of the provincial traveller in the urban centres outside London. You have operated I think in a very great number of urban centres, we were told 133, exceptionally cheap day fares, have you not?—I think it would be better if you addressed that question to the commercial witness. I really could not say from my own personal knowledge whether it is 133 or some other figure.

218. The precise figure does not matter, but I am asking you that general question. That is so, is it not?—There are some cheap day fares in existence, yes.

219. Would it be right to say that nearly every urban centre outside London has those?—I think that is probably true, but I am subject to correction on that.

(Mr. Harold Willis): Mr. Roberts is being called in due course, Mr. MacLaren, and he will be able to deal with that in greater detail, if you wish.

220. (Mr. MacLaren): I am not asking this witness to deal with the details of the figures. (To the Witness): Is it also right that the charge per mile is between 1d.

and 1d., varying from place to place?—It varies a great deal from place to place. I could not give you the exact figure.

221. You do not know whether that is the range or not?—I should have thought it was more than that.

222. (President): What, that the range is wider?—No, Sir, that whatever the range may be, I do not quite know how wide it is, but the middle point of the range is probably rather higher than the middle point between 1d. and 1d.

223. (Mr. MacLaren): I was rather suggesting those limits than the middle point; the average, that is.—I am afraid you are asking me questions which I am not really competent to answer. There are cheap day fares in existence in the suburban centres. As a major point of policy, these cheap day fares are given elsewhere in the country, yes.

224. (President): And they do vary?—Yes, they do vary.

225. That is as far as you would like to go at the moment?—Yes, if I may stop there.

226. (Mr. MacLaren): These fares were introduced, I believe, in 1949. Is that right?—I do not recall the exact year. When we were retreating from the circumstances of war, we were slowly restoring a great deal of the fare pattern which existed before the war, but on what date the various restorations took place, I could not say.

227. At any rate those facilities have been retained and extended now, have they not?—Extended in relation to what?

228. They have been steadily extended, have they not?—There were none at all during the war. They have certainly been extended since then.

229. None has been removed or taken away?—I believe there are hundreds of these particular fares. I am sorry, Mr. MacLaren, but I really could not tell you whether some have been removed or not. Mr. Roberts no doubt will tell you that.

230. Yes, I will not press you on that. The situation is, is it not, that in nearly every urban area, the day return traveller can travel by these tickets. Is that not right?—If the tickets are there, he can certainly travel by them.

231. And the bulk of urban travel is, of course, day return travel?—I am not at all sure about that. The bulk may very well be the season ticket and early morning traffic.

232. At any rate, there is no equivalent facility to that in London, is there?—No. The fares in London as a whole are lower.

233. I beg your pardon?—The general fare level, the standard fare level in London, is lower.

234. The standard fare level may be lower, but what I am putting to you is this: You have a season ticket, and you have an early morning ticket in London and outside?—Yes.

235. For other travellers you have these cheap facilities?—Yes. They also pay full fares very often at 11d. per mile. The average rate paid per passenger mile outside London is, I think, higher than the average rate paid per passenger mile inside London. That is a global average, and I do not believe in global averages.



10 March, 1953]

Sir REGINALD HOLMES WILSON

[Continued]

236. No, I am not asking you that. I was asking you about the urban traveller in the urban centres. That is what I am asking you. What I am putting to you is this: He has these three tickets, the early morning ticket, the season ticket and he has the cheap day return ticket, and they cover all his requirements for day return travel. That is what I am putting to you. That is right, is it not?—There are those three categories of tickets.

237. And that being the case, for that kind of travel the additional charge outside London must be considerably less than inside London; is that not right?—That assumes that everybody travelling in the suburbs makes use of a cheap day ticket. I am afraid I could not give you the answer to that. I cannot accept the assumption.

238. We can test it later on. The position I am putting to you, and I want to make it quite clear, is this, that in the urban centres outside London, as a result of the introduction of these cheap facilities, the average rate paid by the urban traveller is lower than in London, and considerably lower. I think the reason for introducing these cheaper tickets in the Provinces was explained to us at the last inquiry. It was in order to meet the bus competition, was it not? We were told it was operated at centres where there were intense networks of bus services; is that right?—I do not think that would be true of the urban services proper. Most of the urban services proper are controlled by municipalities, and authorities of that sort. I do not think there is a great deal of competition between the railway in some particular town, and the local tramways, for example.

239. Not within the first mile or two, no, but that is not what we are talking about, is it?—We might be.

240. Do not these tickets, if I understand it, go out to a range of 30 miles round these urban centres?—Which tickets?

241. These experimental cheap day tickets, I believe they were called on the last occasion.—No doubt they go out quite a long way, but I would be rather grateful if you would address these inquiries to Mr. Roberts. I am not expert on these matters.

242. What I am trying to get from you is the point of policy here: Why were these tickets introduced, and why were they retained?—They were introduced for a variety of reasons; they were introduced because it was thought they would maximise the receipts in relation to the expenditures which were being incurred, because they were thought to be good business and sound policy.

243. How did you think they were going to maximise the receipts?—Because it would increase the yield of those particular services in relation to their costs.

244. To put it quite briefly, is it not this, that it was a problem for British Railways, either to go out and meet the competition they were facing, or lose the traffic? Is that not the issue?—So far as some of the longer distances are concerned, no doubt that would be one of the things which was certainly taken into account.

245. "Longer distances" is a relative term. I am talking about this range, the range within which these experimental day tickets operated. We will find out what it was exactly later on.—By "longer distances" I had in mind distances of 20 miles, and so on.

246. I must put it to you that it is much shorter than that—anything over two, three or four miles I am putting to you.—I would not have thought there was a great deal of competition between a railway journey of between two to three miles and a bus journey of two or three miles, except in special cases where the railway stations happen to be conveniently situated, and so forth.

247. Do you remember hearing Sir Malcolm Trustarum Eve's lengthy opening on the question of these specially reduced fares on the last occasion?

(President): I do not suppose he was here all the time. We were, but I do not know whether anybody else was. He had better look at the passage, not ask him whether he remembers a particular point.

(Mr. MacLaren): It is page 84 in the record last time, Sir, column 2. Sir Malcolm starts dealing with it in the third paragraph from the bottom.

248. (President): Do you want to have this before you, Sir Reginald?—Yes thank you, Sir.

249. (Mr. MacLaren): The passage to which I wish to refer is on page 85, the third paragraph down in the first column. You will see he said this: "In the Provinces the same principle is necessary; if the railways are to play their part in local passenger transport, there must be a broad similarity between local rail and local road as there is in the London area. Cheap day return fares varying from 3d. to 1½d. a mile and occasionally less, match the local road transport fares at their varying levels and are thus consistent with the principle which has been applied already in the London area", and then Sir Malcolm goes on to give some of the quite startling differences in the cost per mile on the road. Was that the policy of the Commission, to go out to meet road competition by offering services at the same or similar charges to the competing urban 'bus operators?—That is not what this passage says. It says that there should be a broad similarity between the local road and local rail fares.

250. What was the point of the similarity?—Because otherwise you get a completely disturbed and illogical pattern of traffic. That was the reason for the assimilation of the road and rail fares inside London.

251. Were you more concerned with the illogical pattern, or the revenue?—I am concerned with an illogical pattern, because it is so frightfully expensive in the long run to the consumer, to the user of passenger transport. It adds fundamentally, as I explained yesterday, to the cost, if you get a pattern which is completely distorted.

252. A pattern that is distorted? I am afraid I do not follow you.—A pattern which is not as even as it reasonably can be made and where the distributions of traffic are not reasonably even. I am not suggesting for a moment that we should force the traffic to one particular way or another, but I am suggesting that you should not, by your fares policy, make the pattern less satisfactory than otherwise it would have been, having regard to the costs which would be incurred by what I have called distorting the pattern.

253. Surely when you wanted to make your fares the same as your competitors', you were not particularly concerned about the pattern of your traffics, were you?—No, but we were concerned about the pattern of our own.

254. So what it really reduces it to, when we strip it of the theory, is that you reduced your fares in order to meet the competition. That is right, is it not?—That is not the only factor by any means.

255. I want to press you on that, because in London you have not made any attempt at all to provide reduced fares, have you?—There are no—

256. There are no competitors, are there?—There are no cheap day tickets.

257. There are no competitors, are there?—No, but the general level of fares inside the London area is lower.

258. We will examine that later, when witnesses who can speak in detail on the matter come into the box. I should just like to ask you this in general: it is true, is it not, that these cheap facilities which you have been introducing outside London have proved revenue-earning?—They have produced gross revenue, certainly. We hope that they have added something to the net. That all depends how you allocate joint costs.

259. I thought you said that the allocation between the urban area and the rest of the line was a very difficult matter?—But in this case I was thinking of the allocation of the costs between the middle of the day and the peak periods of the day, which is a rather different matter.

260. I shall be returning to that—I have that in mind—but I prefer to leave that for the moment, if I may. I would just like to call attention to your estimates which you say you examined on this particular matter. May I ask you to look at table B.T.C. 601, and compare it with B.T.C. 312?

(President): B.T.C. 312 at the last Inquiry?

(Mr. MacLaren): Yes, if you please, Sir.

(President): I do not know what is going to happen—perhaps it will not concern me—if there are ten years of these Inquiries and we have ten years of these tables. You have not yet got back to the first Inquiry, have you?

(Mr. MacLaren): Not yet, Sir. I am going back to the last one, which is quite sufficient. I think it is a reasonable request to make.

10 March, 1953]

Sir REGINALD HOLMES WILSON

[Continued]

(President): I have not said it is unreasonable.

(Mr. MacLaren): No. It is not unreasonable, if I may say so. (To the Witness): May I ask you to look at your line 2B?

(President): In "Journeys" or "Receipts"?

261. (Mr. MacLaren): In "Journeys". That actually includes the cheap day facilities I am talking about, and the longer range excursions. If we look at the 1951 estimate, we see 154m. passenger journeys, and the "X" year estimate, looking forward to the result of the continuation of these facilities, was 151.76m. On B.T.C. 601 will you tell us what in fact happened in 1952? The same category is line 2: "Cheap day fares (including experimental fares) and excursion fares", and it shows in fact a figure which is considerably increased, to 172.24m. Did you look at those estimates when you were considering the past estimates; because instead of having a loss of 3m. journeys, you have in fact a gain of 17.5m. which is an error of 20m. journeys. That is right, is it not?—I am sorry, Mr. MacLaren; I have not followed you so far.

262. I am sorry. May I go through it again? What I am saying is this: In 1951 in your estimate for "X" year, you based it on your 1951 figure of 154m. passenger journeys by excursions, cheap day, etc. Do you see that in line 2B? You estimated forward to "X" year, and you produced a figure of 151.76m. Now in B.T.C. 601 we see the actual figure for 1952, which is the next figure, and the figure we see there is 172.24m. There has been no change in charges on these tickets, no variation of that kind?—These are not my tables, and I think it would be wiser if I did not embark upon a detailed discussion of them, but you will notice that the grand total is roughly the same. There are 523m. journeys in "X" year and there are 532m. journeys in 1952.

263. Yes. What you gain on the roundabouts you lose on the swings, but the roundabouts were the cheap fares and the swings were the expensive fares. That is the point I am trying to put to you, that your broad comparison of tables breaks down when you examine how you arrived at it. It was the cheap fares which produced the extra 17m. journeys, and it was the dear fares that lost them?—Lost 17m. journeys, the dear fares?

264. No, I am not saying you lost 17m. If you want the precise figure, I can give it to you.—If you take line 1, ordinary full fares, and add monthly returns to that, we get 110m., do we not?

265. It is subject to a note at the bottom, I think, at which it is necessary to look. The figure forecast for "X" year was 110.5m. If you turn to the 1952 estimates in B.T.C. 601 and look at the bottom of the table, you will find that the figure is 105.7m.; so that instead of having a loss of 2.8m., in fact you have a loss of 7.6m.—a very substantial difference.—I have not followed these figures yet. On B.T.C. 601 the ordinary fare journeys are put in at 108.6m.

266. There is a foot-note—I am sorry, I should have called your attention to it—that points out that the abolition of bulk travel has disturbed those figures, and those responsible for drawing up the table have kindly prepared the figure for ordinary travel, excluding bulk travel, and it comes to 105.7m. for ordinary and monthly returns.—That is very nearly the same figure.

267. Is it? Let me put it to you again. The difference between 1951 and "X" year was 2.8m. The difference between 1951 and 1952 was 7.6m. That does not look very near, does it?—It is fairly near, and you really cannot assume that that decline is caused entirely by transfer to cheap day fares. It may very well have been caused by transfer to long-distance coaches.

268. I know it may have been. It may have been caused by people not travelling at all, or it may have been caused by a number of things. What I am pointing to you is this, that where the fare was increased, the journeys fell considerably more than your estimates showed. Where the cheap fares were retained, the journeys increased by substantially more than your estimates showed. That is fair, is it not?—It is a statement, Mr. MacLaren, but I do not think that the conclusion which you are obviously implying from it is necessarily fair or acceptable.

(President): If we are comparing B.T.C. 312 with the present B.T.C. 601, will you tell me this: Where in B.T.C. 312 does the bulk travel receipt come?

(Mr. MacLaren): It comes in "Other reduced fares". You will find that by comparing B.T.C. 312 with B.T.C. 313, where the totals are broken up, and you will find that the figure—if I may look at the lower table, the receipts—shown in line 2B is the total of lines 2B and 2C on B.T.C. 313, and line 2C is the total of lines 2D, 2E, 2F and 6. That is if my arithmetic did not fail me last night, but I think that is right.

(President): Very well.

269. (Mr. MacLaren): What I am suggesting to you as strongly as I can is that your experience in the urban areas outside London has shown that the reduction of the fares has gained you revenue and quite a substantial sum; is that not right?—It has certainly increased the gross revenue, except in so far as some of that increase may have been caused by transfer from a more expensive category of ticket.

270. Yes, admittedly. I would like now, if I may, to leave that and turn to the accumulated deficit on London. I lacked one figure so that I was not able to understand the figure you gave. I think you told us that the accumulated deficit was £9m., is that right?—That is our estimate of it, yes.

271. Can you kindly give me the net revenue from London Transport Executive for 1952?—The figures are not final.

272. The net receipts for 1952 from London Transport Executive?—The Accounts are not final; they are not audited.

273. Yes, I understand that.—I must therefore reserve the position, but so far as we can see, there are net receipts on London Transport services for 1952 of about £0.9m.

274. Could you give me the advertising and letting of sites net traffic receipts for London Transport Executive?—£1.3m.

275. What I was interested to discover was how you arrived at the accumulated deficit. It is right to say, is it not, that ever since the British Transport Commission has been in being except for a small deficit in 1951, when the net traffic receipts are set against advertising and letting, that London has contributed to the Central Charges every year? That is right, is it not?—There have been net traffic receipts on the right side every year, yes, except, as you say, in 1951.

276. But even in 1951 when the letting of shops and advertisement sites is taken into account, the debit is reduced, according to my calculation, to £0.02m.?—According to my calculation it was £0.1m., but perhaps we could ignore that difference.

277. At any rate, we can let it rest at £0.1m. You probably have a better figure than I have. However, I make it that taking those years together and including 1952, there has been a contribution to Central Charges from 1948 to 1952 of £17.8m.?—I agree that.

(President): That is from 1948 to the end of 1952?

(Mr. MacLaren): If you please, Sir.

(President): A total contribution of £17.8m.

278. (Mr. MacLaren): Yes. In arriving at your deficit of £9m. that has depended upon the contribution you have expected from London to Central Charges; is that right?—Yes.

279. How have you calculated that over those years, if I may ask?—We have taken the figure which has been mentioned at these Inquiries year by year. That figure, you may remember, was £5½m. Five years at £5½m. is £27½m.

280. I should like to ask you one or two questions on your table B.T.C. 401, if I may, and, if you have it, could you look at L.C.C. 101, I think it is called, at the same time? I want if I may to compare at this moment your figures for 1951 with the figures for "Y" year at existing charges. Both those figures are taken from your table B.T.C. 401, but in column 4 of the L.C.C. Exhibit the differences are set out, and it is simply for the sake of having those figures clearly before us that I ask you to look at it at this moment. The points I would like to call attention to are, first of all, line 7, which shows

10 March, 1953]

SIR REGINALD HOLMES WILSON

[Continued]

that between 1951 and "Y" year there was an increased traffic receipt from the Railway Executive taken as a whole of £3.1m. A little lower down, at line 12, we have net traffic receipts from the London Transport Executive, and that shows a deficit of £1.6m. reduced to £0.1m., an improvement of £1.5m. Those two improvements come to £4.6m. If we go right down to line 25 we find the overall deterioration is £4.7m. That suggests, does it not, that the deterioration lies outside the revenue and working expenses of the Railway Executive and London Transport Executive? I think the points where the deterioration occurred are quite plain, but I should like to ask you something about them. Would you look at line 13 "Other principal activities". The net receipts are down from £13.7m. to £11m. That is a drop of £2.7m. Could you tell me where that occurred?—We are comparing the calendar year 1951, are we not, with "Y" year?

281. The same comparison as in your table B.T.C. 401.—Yes. The drop is accounted for almost entirely by the drop on the yield of British Road Services. The drop on the yield of British Road Services is explained by the fact that they had net traffic receipts of £3.2m. in 1951, and for the purposes of our estimate for "Y" year, we have taken that in as nil. We have no reason to suppose that we shall have any net traffic receipts from British Road Services in "Y" year. There might be, but I doubt it very, very much.

282. I expected that that was the source of it, but I understood these estimates were built on the foundation that you are not assuming any undue disturbance from the legislation now before the House of Lords. In making this forward estimate, is it based on your experience in 1952?—Yes, it is based on our estimate of the effects of the disturbance which has taken place already.

283. If you please to put it in that way. Could you give me the figure for the Road Haulage Executive for 1952, the net receipts?—I would rather not give you an exact figure, if I may. Would it satisfy you if I said that there will be certainly net traffic receipts of a considerable sum, but it would be nothing like the £3.2m. which there was in 1951.

284. And it is on that experience that you are basing your forward estimate of Nil, is it?—Yes.

285. (President): Would this be right, that the drop of £2.7m. in those other principal activities is mainly represented by a drop in the net earnings of Road Haulage?—In the main that is true, Sir. There are minor changes, of course, in all the others, but they tend to offset one another. The general pattern of the net receipts from the activities will remain much the same as it was in 1951, with the great exception of British Road Services.

286. Of course, you will be up on Docks and Harbours?—We shall be down, I think, on Ships, and we shall be up on Docks. The others are all very close to the published results for 1951. There is a slight decline in commercial advertising, and that is about all.

287. (Mr. MacLaren): Now the next figure which acts against net receipts appears at line 15, I think: "Income from other activities". There was a net receipt from that in 1951 of £4.3m., and you are assuming a net receipt in "Y" year of £4m., so that there is a small difference there of £0.3m. Can you say from what that stems?—That is due almost entirely to a decline in the earnings of one company, which we know have taken place.

288. Is the company engaged in transport?—It is affiliated with transport work, yes.

289. If I may press that a little further, is it passenger or goods?—Passenger almost entirely.

290. The next items are increases in central administration of £0.1m. I pass on from there to 20, Interest Charges. There is a very substantial increase there, an increase of £5m. That suggests a loan of something in the neighbourhood of £100m., does it not? Can you tell us about that?—Those calculations are almost precise. We have had the new issue of £120m., as you may remember, which has to be financed. The new part of the issue was only £60m., it is true, but the £60m. which was replaced had been at a very much lower rate of interest.

291. And this £5m. is the net result of an increase in the rate of interest on part, and the new loan as to the rest; is that right?—Almost entirely, yes.

292. Could you tell me what were the purposes for which the new flotation was necessary—the capital purposes?—The general financial purposes of the Commission. Our borrowing powers are set out, as you know, in the Act, and of course they were within the borrowing powers, and the money was fed into the general financial resources of the Commission.

293. May I press that a little further, because it is a large sum. How was it distributed, for example, between the London passenger services and the British Railways?—The finance is kept central. There are no separate pools of money for each separate activity. The activities draw the cash as they need it; sometimes they pay sums in and sometimes they draw them out, but on the whole that money was required to finance replacement of capital equipment at higher prices, plus the additional capital which one requires nowadays to finance one's stores and things of that sort.

294. So what you are saying is that this increased charge of £5m. for interest is due to increased replacement cost plus the necessary additional cash for your turnover?—No, I did not say that. I said it was required for the general purposes of the Commission, and in endeavouring to help a little further I said that one of the important elements, or perhaps even the most important element, was the financing of fresh capital expenditure—I should say the replacement of existing assets at higher prices.

295. Can you give me any idea at all as to what assets contributed mainly to this sum—a large sum of £60m., or something in that neighbourhood?—Very largely rolling stock, I should think, of various kinds, throughout the general body of the Commission's activities—new buses, new locomotives, new carriages, not only for London and for the British Railways, but also for the provincial bus companies, and so forth.

296. You are unable to say how that was distributed between the London Transport Executive and the other principal activities of the Commission?—It was not distributed between the London Transport Executive and the other activities at all. I wonder if it might help if you looked at one of the diagrams in the last Report of the British Transport Commission, the Report for 1951, page 67. I think you will see there how the whole thing works. You will see how the resources of the Commission have been used during the years from the end of 1951. Whether one says we were borrowing for this item or that item or for the other item, I think one is bound to come back to the proposition that we were borrowing for the generality of all the items.

297. I do not know that I follow this diagram very clearly, but I take it that the shaded portions are intended to show the demands on your capital resources that are rising?—Yes—the demand on our liquid funds. It shows the cumulative effect throughout the years of those demands. For example, if we take the first item above the zero line it shows that part of our liquid funds must have gone in financing the net revenue deficit which, you will remember, was £39m.; and the difference between that figure and the end of the next bracket, which is just over £100m., is expenses charged against provisions; that would be something over £60m. Then you get the next bracket—"Capital expenditure less depreciation charged to revenue"; that is the main factor, as I said before.

298. If I may turn my attention to that main bulk, can you not tell me, in the provision of new capital equipment, how much has been spent on the London Transport Executive, which you have told us has its account complete and separate from the rest, and how much has been spent on your other activities?—I think it can be seen from the accounts themselves; but the capital expenditure is under the two main headings, "Ways and Structures" on the one hand and "Rolling Stock" on the other. If you add in 1952 as I will do for you, you come to a figure of £44m.; that was the first amount charged to capital asset accounts in relation to assets which were being utilised by the London Transport Executive.

299. And that represents fresh capital?—Yes.



10 March, 1953]

Sir REGINALD HOLMES WILSON

[Continued]

300. (Mr. Harold Willis): But that is cumulative?—Yes. Not to mislead anybody I think I ought to add that there is depreciation coming in against that figure which is charged to revenue each year in those five years in respect of those groups of assets, and they amounted to about £16,000,000.

301. (Mr. MacLaren): So that the sum we found was the difference between those two in that period?—On that basis, yes.

302. And that was £28,000,000. As I understand it, this increase in the interest charged of £5,000,000 has arisen since the end of 1951; would that be right?—You cannot say that—if you do we are going to be in trouble. We are comparing the actual year 1951, in which a great many changes took place over the year, with what is a running rate for a future year. So far as I remember, the borrowings of the first £60,000,000 took place before the end of the year 1951 so that a little bit of that would be in the year 1951, and I think half way through the year 1951 there was the re-financing of the railway—

303. (President): There was the £27,000,000?—Yes, Sir. I think it is called the Railway Finance Corporation.

304. Yes. And you repaid that some time in 1951—I do not remember the date.—Yes. So that the figure for 1951, if you are using that as the basis, is the compound of those varying levels of expenditure—they varied throughout the year. The difference between the running rate for 1951 and “Y” year would be a different figure.

305. (Mr. MacLaren): What would it be? I do not want to trouble you over details but would it be substantially different?—No. I think it would probably be true to say that the greater part of the £5,000,000 would be due to the re-financing which took place more or less at the end of 1951 and subsequently in 1952—but I hope you will not hold me to that.

306. Is the £28,000,000 fresh capital expenditure for the London Transport Executive relative to the loan raised or the debt incurred at the end of 1951, or has it to be spread over a greater period?—The £28,000,000 is spread over the whole of the five years.

307. I thought so. Now can you give me any idea of how much of the loan which involved this increase in the interest charged was put towards this £28,000,000?—No, I am afraid I cannot. We are now back to where we started from—it is not possible.

308. I understand that, but how much of that £28,000,000 really called for fresh money? That is what I wanted to know—or is that impossible to say?—If the London Transport Executive had been a separate body and if it had had no funds to start with it would have had to borrow the whole of the £28,000,000.

309. But it might have borrowed that sum before the end of 1951 and it would be part capital charges?—No, because the capital charges are not allocated on that basis. They are allocated on the basis which I have described earlier. One of the factors taken into account is the state of the capital charges in the middle part of each year, so that the rise of the London Transport Executive assets is reflected in those calculations.

310. If you please—I will not press this matter further now. Now may I come further down; I assume that the increase in capital redemption is related to the increase in the borrowing—that is line 22, £0.3m.?—Yes.

311. What is “Special Items, plus £0.9m.”—I am afraid I do not follow?—So far as I remember there were special groups in the year 1951 which reduced the item which we call “special items” to that abnormally low figure of £0.1m. If you will look at page 35 of the Financial and Statistical Accounts for 1951—that is, Account IV/10—you will see that there were certain non-recurring credits deducted at the bottom connected with the winding-up of the Freight Rebates Funds.

312. Yes—that is £0.5m. is it not?—Yes, plus profits on realisation of investments, making it £0.6m.

313. So that what you are saying is that the real increase is £0.3m?—If you take that into account the increase is £0.3m., but the real increase is what you pointed out—£0.9m.

314. Yes—I mean the increase over your normal special items apart from these?—Yes. Of course, these special items are not intended to be normal.

315. No. What has caused them to increase?

(President): Increase between what years?

(Mr. MacLaren): Apart from these non-recurring—

(President): It is mainly writing off on the Road Haulage.

(Mr. MacLaren) (to the Witness): Is that right?—Yes, I should think so very largely; but we have to take other matters into account.

(President): I was not supplying the answer, Mr. MacLaren; I was comparing the second item, the figure for 1950, with the figure for 1951. The figure for 1951 is £205,000 as compared with £901,000 the previous year.

(Mr. MacLaren): If you please, Sir. Now if I might turn to the problem of the peak and valley traffic in London—

(President): If you are going to turn to that now, Mr. MacLaren, I think we might add to the peak and valley traffic in London by adjourning until two o'clock.

(Mr. MacLaren): If you please, Sir.

(Adjourned for a short time.)

316. (Mr. MacLaren): As I understand what you say, Sir Reginald—you are saying that the structure of working expenses for London Transport Executive—and, I suppose, for any other urban area with a similar problem—is fixed by the vehicles and staff you have to have for your peak services?—It is mainly determined by that, yes.

317. But they are the big items?—Yes.

318. And the problem created is that you have your staff and vehicles idle for part of the day?—You have difficulty in finding employment for them, yes. I am not trying to split hairs. I was a little doubtful about the meaning of the word “idle”.

319. I believe it has a technical meaning. I was going to refer to that later. You have difficulty in finding employment for them—I accept that. Now I think the best way I can deal with the point I wish to put to you is to ask you to look at L.C.C. 105, if you would. Table 105 is, in fact, the yields for passenger journeys estimated for “X” year in Table 204, sheet 2, compared with an estimate of the same thing for “Y” year in 205, also sheet 2. If you would look at the line total which appears under “ordinary, monthly returns and day returns” and if you would pass your eye along Central Road Services which appear in columns 4 and 5—4 for “X” year and 5 for “Y” year—those figures there, Sir Reginald, I would tell you have been adjusted (and I shall put the details of the estimate to the witness concerned) to allow for the factor in the B.T.C. table including the return travel of early morning travellers. They go out on an early morning ticket and come back on an ordinary ticket. Adjustment has been made to that purpose.

(Mr. Harold Willis): Adjustments to do what, Mr. MacLaren?

(Mr. MacLaren): Adjustments to exclude return journeys, and it has been transferred to the early morning fare figure. But the matter I want to call attention to is the drop in the passenger journeys on ordinary fares from 3,362,000 to 3,093,000, which is—if it be right—a substantial drop in passenger journeys between the two estimates. I think the first estimate was based on accounts in October, 1950, and the second one on accounts in October, 1952.

(Mr. Poole): Where do you get the figure of 3,362,000? What does it start with?

(Mr. MacLaren): It starts with 3,362,000—under paper B.T.C. 204, sheet 2.

(Mr. Poole): You begin with 3,199,000, do you?

(Mr. MacLaren): The figure on line 1 “Ordinary” is 3,199,000. It is explained in the statement put in by the L.C.C. at page 2 in the paragraph headed “L.C.C. 105”. The explanation begins about the middle of the paragraph, “the two amendments for ‘X’ year are necessary because the passenger journeys attributable to fares of 2 miles and under are not shown in B.T.C. 505, part 2, in respect of Central Road Services (Column 4) and Country Buses (column 6) for ‘Y’ year. Therefore, in order that a comparison can be made, the passenger



10 March, 1953]

Sir REGINALD HOLMES WILSON

[Continued]

journeys in respect of 2 miles for Central Road Services (163,761,000 for return fare of 5d. in B.T.C. 209, part 2, column 4) and Country Buses (12,112,000 for return fare of 5d. in B.T.C. part 2, column 6) have been deducted from figures for Central Road Services, column 4, of item 4 Country Buses, column 6, and added to item 1, column 4 and column 6 respectively."

Table 209, Sir, which is dealing with early morning returns and season tickets shows that the 5d. fare went up to 6d. That is what necessitated the adjustment. So in table 209 the traffic for the 5d. journey is shown, but in 105 there is nothing shown for 6d., which is the equivalent fare.

(President): Had you not better justify your figure in 105 later and assume at the moment that they are correct?

(Mr. MacLaren): Yes, it would be more convenient.

(President): Assuming they are correct . . .

(Mr. MacLaren): Sir Reginald, subject to any question on the figures themselves, the point I am putting to you is this: if this figure is a true representation of the situation, there has been a serious decline on the central road services of ordinary tickets?

(President): Sir Reginald will be able easily to say that 309 is less than 336!

320. (Mr. MacLaren): Do you agree, Sir Reginald?—I was wondering whether I should agree to the phrase "serious decline".

321. The point I am putting to you is that it is a decline, I think, of about 8 per cent. My arithmetic is not very good, but it looks like that.—About that, I should think.

322. Would you regard that as a serious decline?—Not if it is compensated for elsewhere by more remunerative traffic.

323. That is your position—that you would look at the whole budget and provided the thing balances up all right, you are not particularly concerned if one traffic is disappearing? Is that it?—Certainly not. Even a monopolist, if he is intelligent, will aim at so adjusting his fare categories that he rationalises the services he can give and the gross receipts, having regard to the expenditure which those services will entail.

324. Do you regard an 8 per cent. decline on ordinary journeys on central buses as a serious decline or not, in the circumstances of the change between "X" and "Y" year?—Not if it is compensated for elsewhere. It may have been very sound policy.

325. Do you know of it being compensated for elsewhere in this case?—I think these questions might be better addressed to Mr. Valentine, but I may observe that there has been a certain amount of increase elsewhere, a certain amount in the early morning.

326. The early morning fares being extended to the road, that would happen. May I draw your attention to the London Transport Executive railways, this figure which is in no way adjusted; the 440m. journeys shown for "X" year and 424m. for "Y" year. There is another drop in ordinary traffic. If you put these two together you will get an appreciable fall.—There has been a fall in traffic, it is true.

327. Where has the fall occurred—in the peak or in in the valley?—It is very difficult to generalise. Certainly some of the fall is in the peak. The economic conditions have changed—there is not the same shortage of goods. A housewife doesn't go searching from place to place for the things she hopes she can buy. On the other hand new housing estates have been put up, at considerable distances from the place of people's employment and the effect of that is, no doubt, to increase some of the peak travel. I would not like to say where the fall is.

328. It is important, is it not, where it is?—Yes.

329. You would expect an increase in fares to affect more seriously the additional traveller than the traveller who goes to and from work, would you not?—Yes.

330. It is fair to say, is it not, that for additional travellers the British Transport Commission is competing with the other ways in which people may spend their surplus funds?—Yes.

331. If the effect is as I suggest to you, to reduce the off-peak travel quite substantially—if that is right is it not

a sign that you are exaggerating the problem of the peak and the flow?—There are several assumptions in that question.

332. There are, yes.—First of all, we have to be certain that there is a fall in the off-peak travel and then that there were not other factors at work besides the cost of the fare which may very well have brought about the fall in the off-peak travel. I have just referred to some.

333. Suppose my first assumption is right, that there has been a decline, and a very serious one, in off-peak travel, you would agree with me that a 10 per cent. decline on the whole, if mainly concentrated in the off-peak area, would become a very serious decline of off-peak traffic?—I am sorry, could I have that again?

334. An 8 per cent. drop on the whole of your ordinary travel on central buses, if mainly concentrated off-peak, would become a very serious decline.

(President): Need we spend time in searching for the right adjective to apply to the particular figure?

(Mr. MacLaren): I hope not. I am trying to get the witness to agree with me, to come with me on the fact that that it is a matter to which his attention would normally be directed.

(President): I expect it would. Attention is normally directed to everything—serious and unimportant—but this does not seem to be very useful, to get him to say whether it is very serious or serious.

(Mr. MacLaren): What I am seeking to do, Sir Reginald, is to ask you whether, if my assumption is right, it is a question to which you would have turned your attention?—Certainly.

335. If that is so, how is it that you are unable to tell me where the decline has occurred?—That is a matter which will be explained to you in detail by Mr. Valentine, who is the witness on these commercial matters.

336. But you are giving evidence as to the proper fare policy and I am testing your policy by saying do you or do you not know whether this decline in ordinary travel is, in fact, off-peak or on-peak or where?—I should have said mainly in the peak travel.

337. But you are not clear about it one way or the other?—We accept the advice of the people who are expert in these matters.

338. And that is the advice you have had—or have you had any advice on this point?—The advice we have had is that there is a general tendency to a falling-off in travel, that there is a falling-off in the peak as well as in the off-peak. The falling off of off-peak travel is largely due to the changes in habits and circumstances of people who use the off-peak services. We are advised that a change of policy with regard to fares in the off-peak period is not likely to increase the net revenue of the London Transport Executive or the British Transport Commission.

339. If we look at the railways we find that the peak travel is covered by early morning and season ticket fares?—Yes.

340. So a decline in the ordinary fares is likely to be in the off-peak on the London Transport Executive railway, is that not right? Would you not expect in a decline in ordinary travel on the tube lines and underground lines generally that most of the peak travel would be covered by season tickets or early morning tickets?—Yes, I think so.

341. So if there is a decline in ordinary travel—and quite a considerable percentage—would you not expect to find that concentrated mainly off-peak?—The effect would be greater in the off-peak because it bulks largely.

(Mr. Poole): Your question is, Mr. MacLaren, that the bulk of the peak period is in early morning and season tickets?—(Mr. MacLaren): Yes.

(Mr. Poole): It surprises me if that is true, because I use the underground pretty freely and it seems to me that most people buy a ticket—judging by the queues where one has to wait, or at the machines. It seems to me on these figures that you are dealing with a very much smaller number of journeys by early morning and season tickets than you are on the ordinary fares.

(Mr. MacLaren): Yes, very much smaller.

10 March, 1953]

Sir REGINALD HOLMES WILSON

[Continued]

(Mr. Poole): Are you suggesting that the bulk of the 40m. are in the off-peak?

(Mr. MacLaren): No, certainly not.

(Mr. Poole): You said the bulk; I don't think you meant that.

(Mr. MacLaren): No, that would be wrong. I meant to say that the early morning season tickets would be peak traffic.

(Mr. Poole): Yes, I accept that.

342. (Mr. MacLaren): Now Sir Reginald, we have been told, I think, in the application, that consideration has been given to providing cheap facilities in London during the off-peak period, but that it had been rejected?—Yes.

343. Can you tell me how that conclusion was arrived at?—It was arrived at because it was thought that whereas the introduction of cheap fares might increase the traffic in the off-peak period to a certain degree, it would not increase it to a degree sufficient to offset the loss of revenue on the traffic which would pass, in any case, at the present fare.

344. What was the foundation for the conclusion that the increase in traffic would be insufficient to offset the reduction in fare?

(Mr. Harold Willis): That will be dealt with by Mr. Valentine in considerable detail. I have been very reluctant to interfere in this case, but Sir Reginald Wilson is able to deal with the matter broadly; you will get much more useful answers on the details from Mr. Valentine.

345. (Mr. MacLaren): If you please; I will leave that matter where it is at the moment. Just one last point, Sir Reginald, to which I would like to call your attention, if I may. If I could look at table 601 once more, would you look at line 15, Season Tickets. There is a figure there of 4,948,000 for 1952—receipts from season tickets. Is it right to say that over 75 per cent. of the season tickets issued by the Railway Executive outside the London area are, in fact, for travel to and from London? That was the percentage we were given by Sir Malcolm Trustram Eve at the last Hearing. Is that still correct?—I am afraid I cannot answer that question.

346. Because it makes a rather important difference to what you were saying earlier about the season ticket travel being important in the Provinces. If we take a quarter of that figure, which so far as our information goes at present, seems to be right, my arithmetic makes it 1,237,000 as being the season tickets which are purely Provincial and not London seasons that extend beyond the London area. If that is right then the total of the seasons and early morning fares is 4,710,000—it is very considerably less than the 12,475,000 spent on the special cheap facilities provided outside London. What I am suggesting is that the increase in the season tickets rate position of London Lines and beyond London Lines is made as to much the greater part (the whole within London Lines and 75 per cent. outside) by London.—I am afraid I don't understand.

347. People coming from wherever they live in London. . . .

(Mr. Harold Willis): Would you say so if they have a season ticket to Glasgow and come to London?

(Mr. MacLaren): No, a great many people live in Brighton, for example and work in London.—I would call them Brightoners and not Londoners.

348. But their interest is in London; the fact that they work there makes them have a season ticket.—I might be the fact that they live in Brighton. If they lived in London they would not need a season ticket. I do not think we get anywhere with that kind of discussion; the only thing we know is that one person lives in Brighton and the other lives in London.

349. My point is this: For travel entirely in the Provinces the season ticket element is a very small one compared with the total number of the passengers travelling—or compared with the urban passenger travel. That is right, is it not?—If I understand you, Mr. MacLaren, I do not think I agree. If you are saying that because the man living in Brighton and travelling to London must now be counted as a London traveller, I do not agree with you.

350. By way of conclusion, I want to come back to the point where I started. Is not the truth of the matter that these increases which you are proposing are increases which people working or living in London cannot escape and which by and large do not apply to people living in other urban areas—that is the proposition. Is it not true that they are covered for all their ordinary requirements by special cheap facilities for their urban travel?—There are special cheap facilities for their urban travel in the big centres outside London—I agree with you there.

351. So that the fact we now have is that since 1949—or 1950, I think it was—we have had three increases in London for urban travellers, while outside London we have had decreases; that is the fact of the matter, is it not?—Yes, but they started from a very different basis.

352. We have reached the basis where outside London it is in the region of 1d. and inside London it is 1.5d.—I do not know what the average cheap day fare would be outside London, but let us suppose it is 1d. or a little more. I think you will find in general that these fares have increased by about 10 per cent. in the last year.

353. We have not had all the evidence, but, of course, we have not been told that yet?—No; I cannot speak to the detail, but so far as I am aware of the general pattern, I think you will find that cheap day fares have also been increased outside the London Area and the general order of that increase would be round about 10 per cent.

354. You will agree will you not, that whether the charge be increased by 10 per cent. or not, it is substantially less outside London than the charge inside London?—In that particular fare category; but I have pointed out that in other fare categories outside London the fares would be more. That also has to be related, as I have already pointed out I think, to the average charge per passenger mile.

355. If you are pressing that, let me put this to you, that the average charge per passenger mile inside London, on your proposals will be 1.83d. per mile for the weighted average. I think I can prove that point.

(President): The average per passenger mile on all services, London Area?

(Mr. MacLaren): On the London Transport Executive, Sir; London Lines are not capable of that calculation. I will give you the basis figure; I think it is 1.83d. per mile, but I am not sure. Actually it is 1.87d.

(Mr. Harold Willis): What does that cover?

(Mr. MacLaren): That covers the ordinary fares. It is the equivalent of the day returns on the Main Lines and the cheap day returns in the Provinces. (To the Witness): What have you to say about that?—I was making a global comparison. I thought that was where we had got to, and I do not think the average charge per passenger mile for all the traffic in the London Area would be 1.87d., or whatever the figure was.

356. Let me put it to you again: Outside London the lid, as it were, is 1.75d.?—Yes.

357. And I am putting it to you that the average of ordinary passenger travel in London is 1.87d.?—No, I do not think so. Have you the figure for road services by themselves, or something like that?

358. I have not the figure in front of me, but I had intended to put this, if necessary, to the witness who will deal with that—I only asked because you had the figure of 1.87d. in one of your Exhibits; but that is the average on all the central road services, and that includes the 2d. minimums. I was talking of the average in the London Area, and it is nothing like that. I think it will be rather less than 1.75d.; you have to take in all the seasons as well.

359. I was talking about ordinary travel.—You were talking about the fares inside London and outside London, and I was taking a comparison. What you are doing is to take one fare outside London, and you are comparing it with London, but there is a range of fares outside London which does not exist inside London, so you cannot compare that with the fares inside London.

360. I will have this investigated and I will put it to the other witnesses, if I may. In conclusion, do you still say that you are not picking out London for special treatment?—That is absolutely true.

10 March, 1953]

Sir REGINALD HOLMES WILSON

[Continued]

Cross-examined by Mr. ROUGIER

361. As perhaps you know, I shall be questioning you on behalf of Southend. You told us this morning, I think, that on London Lines there is no accurate costing?—That is so—for the sum-total of them.

362. I know that to my regret, because at the two previous inquiries I tried to find out what was the costing of the London, Tilbury & Southend Line, and I failed. However, I want to find out whether I heard you correctly this morning when you said that the London Transport Executive costs can be dealt with with precision, and that because of that they should be the decisive factor in fixing—and I was not quite sure what you said it was that they fixed. Was it the scale of fares on the London Lines?—Yes, the scale of fares on the London Lines. But I made a very important reservation on that; I said: "Provided that so far as we can see on any not unreasonable basis of costing of London Lines, there was no effective difference between London Lines services and London Transport services".

363. Thank you; I was going to come to that a little later, but I was going to query that on this ground: Surely when you are fixing the season ticket rates and early morning ticket rates on the London Lines, they are merely equated with the rates on the Railway Executive Lines and bear no calculable relation to London Transport Executive fares?—I was under the impression that—

364. I did not know London Transport Executive fares had season ticket rates; the season ticket rates in the London Area are those of the Railway Executive, are they not?—They are the fares of London Transport.

365. But are they not based on season ticket rates for the whole of the country? Are they not the same?—They happen to be the same, but I do not know whether they are based on that. To be nearer the truth, it may have been the other way round.

366. If you have a season ticket from, say, Oxford to London, is it an accident that the calculation would be the same as it would be from Southend to London?—No, because the season ticket rates inside the London Area are the same as the season ticket rates on British Railways.

367. Exactly; what happened there was that the Transport Commission decided to construct a season ticket rate applicable to the whole of the country?—No, I do not think so; I do not think that is how it worked, so far as I can recall.

368. Are you the person whom I should ask about it, or should I be asking Mr. Valentine these questions?—You would probably get much safer information from Mr. Valentine; but the general policy was to fix the season ticket rates in the London Area in relation to the Charges scales appropriate for the London Transport railway services.

369. Can I take that a little further: Let me try to understand this; do you mean that the Commission when dealing with the railways outside the London Area got down to it and, quite properly, fixed a certain season ticket rate or scale?—Yes.

370. Then when they came to deal with the London Area, again they got down to it and, basing themselves upon the fare scales of the London Transport Executive, they broadly calculated a season ticket rate; is that what happened?—That is not my recollection of what happened.

371. Because it would be an extraordinary coincidence, would it not, if they should happen to coincide with the Railway Executive rate?—It would be, but that is not my recollection of what happened.

372. Obviously it would have been absurd. Obviously what happened was that the Commission got down to it and very properly calculated a season ticket rate to be universal to the whole country?—It might be difficult to say which came first, but my recollection is that the railway season ticket scales were first considered in relation to the traffics of the London Area.

373. And then applied to the rest of the country?—What was then appropriate to the rest of the country was then considered, and it was decided that there was no very great reason for divergence between them.

374. What I am trying to get at is this: The basis of fare in the London Area is different, is it not, from the basis of fare outside the London Area?—On other categories of tickets.

375. I am obliged. That is so, is it not?—Yes.

376. Then when you come to season tickets, they are exactly the same?—Yes—season tickets and early morning tickets.

377. So surely you cannot have arrived at exactly the same conclusion, starting on two separate journeys, one from the fares inside London to reach one season ticket rate, and the other from the fares outside London to reach another season ticket rate?—No.

378. So it must have been that you did the calculation in one?—No. I think we did the calculation first of all for the London Area, and that influenced the calculation for the rest of the country.

379. You say it "influenced" it; how did it influence it?—It was asked whether these rates would be appropriate for the other areas outside London also—

380. So, in other words, you worked out the London season ticket rate and then considered whether that should apply to the rest of the country, and you came to the conclusion that it should?—Yes.

381. Is there any definite correlation between the standard London Transport Executive fare scale to the season ticket scale? How do you correlate the two—or should I ask that question of Mr. Valentine?—I think you should. A good deal of history comes into these things; one has to remember that this correlation, whatever it was, existed previously. It was not a question of whether it did exist, but how far and how fast it was altered.

382. Can you help me now about the early morning rate; is that in any way correlated with the London Transport Executive scales?—The early morning rate outside London is the same as the early morning rate inside London.

383. What I want to find out is: When fixing that rate in which direction did you go? Did you go to the London Transport Executive scale or to the Railway Executive scale?—We certainly went to both, because there is quite a big workmen's fare problem outside London.

384. My difficulty is this: If you go to two different figures for a basis, it seems to me—of course, I may be wrong about this—that you ought to have got two different results; but you seem to have got only one result, and you say that you get that result whether you calculate from A or whether you calculate from B?—Yes. One has to take everything into consideration, but you get the one answer.

385. You decided that you had to make one common scale for both?—We decided at that time that we should make one common scale for both.

386. And that is still so?—Yes.

387. And it has been so since 1950?—Yes.

388. Dealing with the London Lines, I would suggest that upon the true account, London Lines have now built up an accumulated surplus?—Well, we do not get a true account, as I have explained before; so I do not think we can say with any definiteness whether there is a surplus or not.

389. Would you agree that there was an accumulated surplus from the working of the London Lines?—The calculations are bound to be vulnerable, but on the whole I think London Lines have done slightly better on the basis of the calculation which we have made than the London Transport services.

390. Thank you—I think that is probably as far as you can go. Now I want to come to the costs, as you explained them to us this morning. I think I understood you to say that you start on the basis of the cost of vehicle movement?—Yes.

391. And then I think your words were that you pile on it assumption on assumption?—Yes.

392. Let us start with that costing for vehicle movement which you gave as £12m., which you calculate for "Y" year?—Yes.



10 March, 1953]

SIR REGINALD HOLMES WILSON

[Continued]

393. Was I right in understanding you to say that there were three bases from which you could calculate that £12m., being the cost of train miles, whether you took the London Pool figure as brought up to date; and a second figure applicable to steam trains and a third figure which arises out of the investigations taking place in the Southern Area?—I think I said that the calculation had been made on three separate bases, and that one of them, the last and most recent one, was £12m.; that was the one we chose.

394. That was based on Southern Area calculations, was it not?—No; it was based on Southern Area calculations so far as the Southern Area traffics bulk in the total. We had substituted the Southern Area calculations for the Southern Electric services, otherwise we had no fresh calculations for the steam train traffics and the non-Southern Electric traffics. We have continued to use the figures that were there before.

395. Is there much difference between the figure of the Southern Electric traffics and the other electric traffics?—The Southern Electric figure is rather lower than the figure for the other electric services.

396. How does the figure of your steam traffic compare? Is it easily calculable?—It is more costly than the electric traffic.

397. Those were the three bases, surely, for your calculations?—Yes. But those were not the three bases which I was using. After all the steam services, the Southern Electric and the non-Southern Electric have to come into each one of the calculations.

398. But I am suggesting that there is no certainty about what is the true basis for calculating this figure for vehicle movement and there is a possibility of considerable variation.—There is certainly a possibility of error. As I said this morning, it is a costing exercise and not based upon firm financial accounting.

399. You say you make your first addition by adding on 33½ per cent.; I think you said that was for terminal and other costs of passenger services, did you not?—Yes.

400. Would you give me a little more information; what does that heading include?—It is mainly the costs that flow from issuing tickets, manning the passenger stations and so forth.

401. Would there, for instance, be included in that cost the cost of advertising posters?—May I just refer to my detailed sheet for a moment to see if I can answer that?

402. Please do.—Yes. It would.

403. Would it include, for instance, publicity expenditure?—Yes.

404. Would it include cloakrooms?—Yes.

405. Would it include the cost of the seat reservation offices?—Yes.

406. Would it include the sums payable for passenger ticket agents' Commission?—Yes.

407. Would you agree, to take an example, that the early morning traveller from, shall we say, Gravesend, very rarely buys his ticket from a travel agency?—That is true.

408. Would you also agree that perhaps a season ticket traveller from Southend very rarely has to use a seat reservation office?—I agree.

409. Probably he would be very glad if he could! In fact is it not true that a great many of these items are really of no benefit at all to the suburban traveller?

(President): A person cannot sleep between Southend and London; he may occasionally want to sleep when he is going to other destinations.

(Mr. Rougier): With respect, Sir, I should have thought that a season ticket traveller from Southend to London daily is the man who sleeps in Southend and who works in the City.

(President): And never goes anywhere?

(Mr. Rougier): As to 99 per cent., no; the 1 per cent. does.

(The Witness): Before you leave that, Mr. Rougier, it is true that if you tried to work out an exact allocation of a lot of these items as between the season ticket traveller and the ordinary traveler and so forth, you would

get totally different allocations. This is, however, a global allocation, and there are offsets to the type of item you have mentioned. 30 per cent.—one-third—is a global relationship between the total passenger cost on British Railways and the total vehicle movement costs on British Railways.

410. Could you pause to amplify that a little? What you do is to take the proportion of the total vehicle movement costs—the global figure—and you take the proportion that is applicable to London Lines. You get the percentage of that and you apply that percentage to the global figure of your terminal costs.—I think that would probably work out to the same thing. We take the relationship of terminal and documentation charges to vehicle movement charges for the whole of the country, and we apply the proportion so arrived at to the vehicle movement costs in the whole of the London area.

411. I think that comes exactly to what I said, does it not?—I think so. Some of the vehicle movement costs in the London area are exceedingly low compared with outside London, so one would have expected the terminal charges in the London area, if they were the same to have been higher; and there are a great many other factors to take into account. By and large all we can say is that we think roughly speaking that they cancel out. Indeed, we can arrive at a percentage in no other way. There are considerations both ways, but I admit that what you say about the ticket offices, etc., is perfectly true.

412. I appreciate the difficulty you have in making such an estimate; obviously it must be an approximation. When an approximation of this nature is made the person making the calculation generally has some sort of idea of his liability to error—his plus or minus. Can you give me some idea of that? You have added on this £10m. to the £12m. for the vehicle movement costs, and you have got £22m. Within what sort of plus or minus degree of error would you think you are working?—That is a very difficult question. I really would not like to commit myself on that.

413. Perhaps it is not quite fair to ask you to put it in terms of figures, but quite clearly it would be an appreciable margin, would it not?—Yes.

414. Now I want to ask you about one or two small matters on general policy. You have said that the Londoner is only being asked to stand upon his own feet and that he ought to pay for what he gets, and I do not think anybody would quarrel with that. But you would agree, would you not, that he should not be asked to pay more for getting less.

(President): More than whom and less for what?

(Mr. Rougier): More than what is right for what he gets—or to pay the same price and get less for it.

(President): "Ought not to pay more than what is fair"—is that what you are saying?

(Mr. Rougier): Yes, Sir.

(The Witness): I would agree with the last presentation of the question!

415. (Mr. Rougier (to the Witness)): You mentioned the large suburban rail services round centres like Glasgow; you said that they are comparable with London and that they are fairly meeting the costs imputed to them—at least, they are when the services are modern in character. That is what you try to do, is it not, for suburban traffics round centres like Glasgow—I am quoting from your answer yesterday on page 37, to question No. 126; that is the principle of suburban traffic, is it not?—That we try to cover the costs of the suburban traffics?

416. Yes.—I think that would be true in the case of all traffics. How one goes about it varies very much.

417. In other words you want to make the suburban traffic round Glasgow pay for itself. There is no hidden trap in this question; I was merely establishing the basis for another one.—Where the services are completely out of date your costs are therefore unduly high, and one might very well not set out to recover the whole of that cost.

418. No, and therefore, if you and a service that was completely out of date, but was yet paying its way, you would be grateful to it.—We are very grateful to Southend!

(President): That saves one question!



10 March, 1953]

Sir REGINALD HOLMES WILSON

[Continued]

419. (Mr. Rougier): Yes, Sir. (To the Witness): Do you also agree—this is a matter of policy—that the National policy today must be to reduce the congestion of population inside the main built-up area of London?—Yes; but I think I ought to declare an interest in this matter here because I am the Chairman of a New Town Development Corporation.

420. But we agree, do we not, that there should be these large dormitory populations outside London—coastal areas and so on?—No, I did not say that at all. I think I said that it would be a good thing to decrease the congestion in the large cities, but whether you decrease it by putting a large number of dormitories outside I do not think has been settled yet.

421. But dealing with the question of centralisation of work in London, it is a good thing, is it not, that the workers of London should be to some extent dispersed outside London?—We get into very broad aspects of policy there, but from the point of view of transport costs I think it would decrease the price of transport if we did not have these vast conglomerations and the congestions of traffic which result from them.

422. You mean in the London Area?—Yes. And there are other parts of the country where I think we have what are called conurbations, or something.

423. Yes—a horrible word; we will leave it at that. I take it that you and the Commission, in fixing charges, keep abreast of modern thought in regard to transport and its problems?—It is our duty to do so.

424. Did you know what was said in a Paper that was read before the British Association, last September I think it was, by Professor C. F. Carter of Belfast University?—Yes—indeed I had a long week-end discussion with him.

425. Did you agree with what he said during that discussion?—No.

426. He is a distinct authority upon economics, is he not?—Yes. I do not want to be unfair to him in any way, but he might very well take a different view if you asked him the same questions today.

427. I have recently asked him some questions and he does not seem to detract from anything he said before the British Association.

(President): I do not know whether it is the duty of the Tribunal to keep abreast of modern thought on these matters, but if we are going to keep abreast of this Professor's views we ought to have a copy of the Paper.

(Mr. Rougier): I will supply you with it; I only want to quote two passages from it—they are quite short, Sir.

(Mr. Harold Willis): What was the subject of the paper?

428. (Mr. Rougier): I will give you its exact title: "The Troubles of Transport" by Professor C. F. Carter. It is headed "Section F; 9th September, 1952"—I gather that is the reference in the British Association's Proceedings. (To the Witness): He sets out three headings and he says: "The problems needing attention are, I think, three: 1. The relation of charges to costs"—I am only dealing with that for the moment.—Yes; I agree so far.

429. Then he says: "The familiar and obvious first principle for obtaining a right relation between road and rail transport (without interfering with consumers' sovereignty) is this: the charge for each item of transport should be as close as possible to its true economic cost to the community"—do you agree with that?

(President): "To the community"?

430. (Mr. Rougier): Yes, Sir. (To the Witness): Do you agree with that?—That is a very big general question; we spend our whole life with just that question. It is easy enough to state some sort of principle in the abstract like that, but one begins to run up against all kinds of subsidiary problems. When you say "the cost to the community" you have to determine your areas in the first place; you cannot charge every man the exact cost of the particular journey he takes.

431. I respectfully agree. Taking that as a fair answer to the questions you will remember that he then said: "The difficulties of applying this principle are four:" and then he came to the problem of uniformity. Do you remember that? I dare say that was the one that

formed the biggest basis of your argument with Professor Carter?—No, it was not the one which caused the biggest argument.

432. He says: "But a more fearsome dragon now lies on our path, called the Public, who are supposed to insist on various uniformities which flatly contradict the principles we have been discussing. These uniformities are of two kinds. The less important—applying mainly to rail passenger fares—is the idea that charges should be proportional to distance. It is clear that cost per mile falls with increasing distance". Then, leaving out a sentence or two, he says: "We urgently need a system of tapered passenger fares; other countries have them, and I do not believe that the public would really object to them if they were introduced"—would you agree with him there, or not?

(President): What—about the public objecting or that it is desirable that they should be introduced?

433. (Mr. Rougier): That it is desirable that a system of tapered passenger fares should be introduced. (To the Witness): Do you agree with that, or not?—I do not want to pre-judge the policy of the Commission which may be developed in the future, but there is undoubtedly a good deal to be said for a system of tapered fares if you can find a practical way of doing it.

434. And, of course, you have applied that in your season ticket scales?—Yes.

435. Then may I take it that the Commission are considering this question of tapering the fares—or shall I say they are bearing it in mind?—It has certainly been discussed, and it is being discussed.

436. Then the other point he makes is: "The more important idea of uniformity is that, within a given public transport organisation, the published tables of rates should apply to all parts of that organisation's system. This is a disastrous idea, for it means that the more inclusive an organisation becomes, and the more it tries to sweep away 'special rates', the less it can adapt its charges to its costs." It is the case, is it not, that the Transport Commission has become completely inclusive in this country so far as railways are concerned; that is so, is it not?

(President): Practically so.

437. (Mr. Rougier): Yes, Sir. (To the Witness): And it is also true, is it not, that it has tried very hard, and is still trying, to sweep away special rates?—I do not think that is so. Are you referring to the passengers, the freight, or to both?

438. Let us stick to passengers alone. Ever since the first Inquiry which was held in 1950, and the last Inquiry which was held last year or the year before, and this Inquiry, there have been attempts by the Transport Commission to sweep away any special rates?—Not because they were special rates, but because we did not think they were justified. We did not see why the angler could travel at a cheap rate and the tennis player could not.

439. Do not let us discuss people who might be travelling in the same compartment, but special rates on one service and special rates on another; they have been swept away as much as possible, have they not?—Perhaps you can give me an example of the special rates you have in mind.

440. Yes—on the London, Tilbury & Southend Line, the passengers travelled at a lesser rate per mile than they did on some of the Main Line railways; that was a special rate?—That was a different rate. I was worrying about the word "special". It was a different rate, and it has now disappeared.

441. And it has been your policy to sweep away all lack of uniformity in rates and to reduce it all to one single rate, if possible?—I would not go as far as that.

442. Would you agree with Professor Carter's criticism that the more you do that the less can you adapt your charges to your costs which he puts forward as an important—in fact, as the basic and fundamental—necessity of organisation?—Yes. There are other dragons in the path, of course—you have to ascertain the starting cost and, as we have discovered in the past few hours, that is by no means easy.

(Mr. Rougier): Before I sit down, Sir, may I ask how many copies you will be needing of Professor Carter's Paper; if you wish I can supply you with three copies.

10 March, 1953]

Sir REGINALD HOLMES WILSON

[Continued]

(President): We shall only need one.

(Mr. Rippon): I rise to cross-examine on behalf of the East Ham and West Ham Borough Councils. You did indicate at the beginning of the Inquiry, Sir, that questions of *locus standi* would be discussed, and I am not suggesting that the South-West Essex Traffic Advisory Committee has any *locus*. I do not contend that, but with

your permission, Sir, I shall be making a statement on their behalf at the end.

(President): And I suppose you will be able in any statement you may make on their behalf to adopt your own cross-examination!

(Mr. Rippon): I hope that will be possible, Sir.

Cross-examined by Mr. RIPPON.

443. First of all I would like to ask you a few questions about the basis of the estimates for "Y" Year, which you will find in B.T.C. 401. I would also like you to turn to Exhibit 313A in the transcript of the Seventh Day of the 1951 Inquiry at page 159. Exhibit 313A gives the estimated receipts for what subsequently became known as "X-A" Year, and on page 159 it is shown that the estimated receipts for "X-A" Year at existing charges would be £86.3m.; is that right?—Yes.

444. And the estimated discounted yield from the increases of the Scheme was £5.9m.?—Yes.

445. That is a total of £92.2m.?—Yes.

446. In B.T.C. 401 you estimated "Y" Year at existing charges at £92.2m.; that is in column 4?—Yes.

447. Column 2 shows the actual for 1951?—Yes.

448. It shows that as £88.1m.?—Yes.

449. Which, with a plus of £4.1m., would give you again £92.2m.?—Yes.

450. Do those figures in effect show a loss of £1.8m. on the anticipated revenue from the 1951 Scheme?—Not necessarily on the £5.9m. to which you referred me a moment ago. Some of the loss of revenue would be incurred on the ordinary standard fares on British Railways.

451. You see you gave yesterday a figure of loss on the estimated yield of the 1951 Scheme for the Railway Executive as a result of the Tribunal's decision, of £0.4m. As a result of the Minister's intervention, it was £1.4m., made up, as I understand it, of £0.7m. for early morning returns, and £0.7m. in respect of the decreased yield of sub-standards?—Would you mind repeating those figures; I will take them down.

452. The loss you anticipate you incurred as a result of the Tribunal's decision was £0.4m.——

(Mr. Harold Willis): Is this outside London?

(Mr. Rippon): Yes. (To the Witness): You gave a total fall of £2.2m., and you said that £0.4m. falls upon London?—Yes, as a result of the Tribunal's decision.

453. And as a result of the Minister's intervention £1.4m.?—Outside London?

454. Yes.—No.

455. You gave the figure, as I understood it, of £0.7m. loss on the reduction in yield of early morning returns, and £0.7m. in respect of sub-standards.

(Mr. Harold Willis): Those were two different figures. I said there was a figure of £0.7m. outside London lost during the interim period between April and August. In "Y" Year, curiously enough, there would be the same figure of loss, £0.7m., due to operating the Scheme in accordance with the Government's decision, and in accordance with an offer we made to the Government. The two £0.7ms. cover entirely different matters, and you must not add them together.

(Mr. Rippon): But that represents a loss which has fallen upon the Commission.

(Mr. Harold Willis): Yes, but in "Y" Year you will only find the second of those £0.7ms. That will be the measure of the loss in that year attributable to this factor.

456. (Mr. Rippon) (to the Witness): So it is purely coincidence when I see that estimated "X" Year coming to £86.3m. plus?—I am not clear what the coincidence is.

457. We looked at B.T.C. 313A and we saw that the estimated yield of "X-A" Year was £86.3m. plus £5.9m.; that is a total of £92.2m.?—Yes.

(Mr. Poole): I think this was in respect of Forces, which gave that £5.9m. and £7.6m.; the £92.2m. is £93.8m.

(Mr. Rippon): That was somewhere later on in the Inquiry?

(Mr. Poole): That was as a result of the agreement which was reached with regard to the Forces. It only arises in columns 3, 4, 6 and 7 at the top of page 159. Where column 3 was added, it is £3,500; in column 4 that figure became £10,555 in place of £8,290. Column 6 was £1,635, and column 7 is £10,555 again, against £8,290. That carries down, and gives you those figures.

(Mr. Rippon): I am sorry; I shall have to check that calculation.

(Mr. Harold Willis): That is the second stage of the alteration.

(Mr. Poole): It might cause some confusion in your final figures.

458. (Mr. Rippon): Yes. I wanted to try and get at the actual loss incurred outside London in the estimated yield.—I think probably the commercial witness would be able to satisfy you on that point.

459. It is fundamental to the build-up of this budget as far as outside London is concerned. In your estimates for "Y" Year you must take account of the extent to which you failed to realise the anticipated increase after the 1951 Scheme came into force?—Certainly that is one of the factors we take into account. What is far more important than that is the whole trend of the traffics.

460. I am not concerned for the moment with what you think is far more important, but with what estimate you made of the extent to which in "Y" Year you will fail to get the increases you anticipated in "X-A" Year.—All you can do is to compare "X-A" Year with "Y" Year, and you find you have a difference. That difference will be due to a great many causes, one of which may be alterations in the fare levels. There are a great many other causes, and it is exceedingly difficult to identify a change in your total gross receipts with any particular factor, such as a change in the price levels.

461. But you know the £0.4m. for the Transport Tribunal's decision; you know that there was a fall as a result of the Transport Tribunal's decision to the extent of £0.4m.?—But there has been a rise in the traffic on some of the theories put forward here, because there was a fall in the price. You cannot isolate these things.

462. But you have given these figures very precisely, if I am not mistaken?—I certainly have given no figures on this point.

463. You have said that there was a fall in the anticipated yield from the 1951 Scheme of £2.4m. as a result of the Transport Tribunal's decision. Is that so?—I said that the Transport Tribunal's decision would give us that much less in a full year.

464. Yes, that is the extent to which the expected yield has not been achieved through that result?—That is so, if you are standing at that point and looking forward. It is not, necessarily, if you are standing at the end of the year and looking backwards, because all sorts of other factors affect it.

465. I think you are really with me on that point, Sir Reginald? You have said £2.4m. as a result of the

10 March, 1953]

Sir REGINALD HOLMES WILSON

[Continued]

Transport Tribunal's decision, of which £2m. affected London?—Yes, that is true, £2m. for London Transport and £0.4m. for the London Lines.

466. Exactly; that is what I want.—Yes, but that is the position on the day on which the Tribunal's decision was issued. You cannot assume when you are looking at the gross receipts a year later that a definite £2.4m. or any difference there may be is wholly and certainly attributable to the change brought about by the Tribunal.

467. There may be other factors?—There may be a great many other changes.

468. There may be a great many other changes, but that was a figure which you put forward in evidence.

(Mr. Harold Willis): I think perhaps there is a little misconception about this £0.4m. That is merely a calculation we made having regard to our estimate of what the Scheme would produce by the limitation on the permitted increases following the Tribunal's decision. Taking a particular example, the Tribunal did not permit the increase of the fares from 3d. to 3½d. in the case of London Transport. It was possible to say that that would represent so much, and that was taken into account; similarly in regard to the other matters. It is no attempt to make any forecast of future trends; it is purely an arithmetical exercise.

(Mr. Rippon): Yes. I see the figures were actually given, not by you, but by Mr. Willis in the opening.

(Mr. Harold Willis): Yes, I agree.

469. (Mr. Rippon): Mr. Willis went on under his heading of the effect of the Government's intervention to say that early morning fares had to be given within a 60 mile area even where there were no workmen's fares, and where the workmen's fares were lower than the lower fares prevailed, and the result of that was £0.7m.—Outside London, yes.

470. Yes, I am only concerned with outside London. The position as regards the sub-standard fares which were to be increased by not more than 20 per cent. instead of 40 per cent. was that there was an estimated loss of £0.7m. Is that correct?—The difference of the £0.7m. was the result of the Government intervention.

471. Yes.—The difference between the Scheme as finally presented to the Tribunal on the last occasion, and the Scheme as approved by the Tribunal outside the London area, was some £1.3m.

472. I am saying plus the resulting fall in expected revenue as a result of the Tribunal's decision, that gives you a fall outside London of about £1.8m. from the expected yield, as I had it, of £5.9m.—I should have thought it was about £2m.; it is £1.3m. plus £0.7m.

(Mr. Harold Willis): I think we should try to be precise about this. The figure I gave yesterday of the effect of the Tribunal's decision was to produce a total figure of £2.4m.

(President): You are reading, no doubt, from an excellent note.

(Mr. Rippon): Yes.

(President): But have you the print of yesterday's proceedings?

(Mr. Rippon): I will follow from my learned friend Mr. Hodson's copy.

(President): If you look at page 24, the righthand column, about mid-way down, you will get what Mr. Willis had to say about the results of our decision. It is just after the interruption by me. You will see he said: "We estimate that as a result of the Tribunal's decision our anticipation of the yield from the last Scheme was reduced by a figure of approximately £2.4m." That is what he said. I do not think Sir Reginald has given any evidence on that point so far. Then your next question is: "How much did the first intervention of the Government cost?" You will find that dealt with by Mr. Willis at page 25 in the middle of the lefthand column. Mr. Willis is saying: "The broad effect of that standstill arrangement has been estimated to have cost the Transport Commission during the period in which it was enforced no less than £0.7m.", and then he goes on to deal with the agreement

reached between the Government and the Transport Commission in August. The consequences of that agreement he deals with, still on page 25, in the first completed paragraph.

(Mr. Rippon): Yes. Those are in effect two figures of £0.7m.?

(President): Yes, it does so happen that there are two separate estimates of £0.7m. relating to different causes operating over different periods.

(Mr. Rippon): Yes I see, but it is the same £0.7m.?

(President): The figure is the same.

(Mr. Rippon): It is only a loss of £0.7m.? That is what I want to get at.

(Mr. Harold Willis): I think, as I explained a few moments ago, for the purposes of "Y" year, the imaginary year, the loss as between operating the Scheme fully and operating the Scheme in accordance with the agreement we made with the Government represents £0.7m. We have in fact, due to what happened in the interim period, suffered a loss of £0.7m.

(The Witness): In 1952.

473. (Mr. Harold Willis): In 1952. That is something which has gone; we have lost that, and in the future year we shall suffer this other loss of £0.7m. We must not get the matters confused, because they are not quite the same thing, are they?—(The Witness): No, they are quite different things.

474. (Mr. Rippon): But the overall result is that you lose £1.4m.?—No, we lost £0.7m. between May and August, or whatever it was of 1952, and we lost £0.7m. again in 1953 and we lose £0.7m. in 1954, and so on, unless the thing is put right.

(Mr. Rippon): I follow, thank you.

(Mr. Harold Willis): I think I ought to point out that I have been looking back at the statement on page 25, and I think it is clear from reading the whole paragraph that the £2.4m. I was giving was in respect of London Transport. I think I was incorrect a moment ago when I said it was the total; it was the London area as a whole.

(President): Yes.

(Mr. Poole): What about the £1.2m. which comes in the righthand column at page 25? That is in respect of London; your £0.7m. was for outside London?

(Mr. Harold Willis): I am afraid I am not quite following you, Sir.

(Mr. Poole): In the righthand column on page 25, the top completed paragraph begins: "That was what the Commission agreed. . ."

(Mr. Harold Willis): Yes.

(Mr. Poole): You end up by saying: "In the case of London, that has the effect of reducing the revenues of the London Transport Executive in a full year by the figure of £1.2m." We had better get that cleared up at the moment, had we not?

(Mr. Harold Willis): May I just read the paragraph through just to make sure it was perfectly accurate: "That was what the Commission agreed, and following that agreement the direction was withdrawn. It is anticipated that in a full year the cost of operating the last Scheme on that basis is rather less than £0.7m. Inside London."

(Mr. Poole): That means that the £0.7m. applies to outside London?

(Mr. Harold Willis): To outside London, yes. Then in regard to the London Area the figure is £1.2m. and as I pointed out, it is London Transport only. So far as London Lines are concerned, the Government intervention did not in fact have any material effect at all.

(President): Because there were no sub-standard fares?

(Mr. Harold Willis): A few thousand; it costs something, but not a sufficient figure to be a matter of any significance. I hope that has cleared up the position?



10 March, 1953]

Sir REGINALD HOLMES WILSON

[Continued]

(Mr. Rippon): Thank, you.

(The Witness): You will remember we said that the effect of the Government intervention was almost £2m. per year. That is made up of inside the London area, £1.2m. and £0.7m. for outside the London area, which is almost £2m.

475. (Mr. Rippon): Yes. Then outside the London area it appears that there is quite a considerable figure of falling-off in revenue as a result of some loss of traffic?—Yes, there has been a slight downward trend in the traffics.

476. Does it apply especially to any particular class of travel?—I would have thought it applied in the main to the full-fare travel, in spite of the fact, you remember, that the full-fare travel was reduced in cost at the last Tribunal hearing.

477. I do not want to press you any further on that point. It is a matter of detail for Mr. Valentine, or some other witness. Perhaps we could look now at B.T.C. 218A, which is in the 1951 transcript on the 7th day, at page 147. At that time your estimate for "X-A" year, at existing charges, was £76.1m.?—Yes.

(President): Just wait a moment until I see that I have the right page. Page 147, did you say?

(Mr. Rippon): Page 147, Sir.

(President): Which column?

(Mr. Rippon): Column 12.

(President): Yes, I have it: "Total for all classes of fares".

478. (Mr. Rippon): Yes, Sir. (To the Witness): Your anticipated increase was £14.9m.?—Yes.

479. Giving a total of £91m.?—Yes.

480. In B.T.C. 401 your estimate for "Y" year is £88.3m. before the proposed Scheme, made up of line 1, column 4, £20.6m. for London Lines, and item 8, London Transport Services, Passenger, £67.7m.?—Yes.

481. Your actual for 1951 was, I think, £77.4m. made up of the figure of £18.9m. for London Lines, and £59.5m.?

(President): Is not that £78.4m?

482. (Mr. Rippon): I am sorry; yes, Sir, £78.4m. (To the Witness): To which if you added £9.9m. you would get again the figure of £88.3m., the estimate for "Y" year?—Yes, that is correct.

483. It appears from that that you have failed to achieve the increase expected in "X-A" year to the extent of about £5m., is that so?—I think you must take off the effects of the intervention which took place.

484. Very well, we will do that. As far as the Tribunal's decision is concerned, an allowance of £2.4m.—I hope I have that right now?—Yes.

485. —and on the Minister's intervention, £1.2m.?—Yes.

486. Making a total of £3.6m.?—Yes.

487. In B.T.C. 402, item 6, you show a gain of £0.8m.?—That is an item of cost.

(Mr. Harold Willis): Mr. Valentine, in his Proof, does take particular pains to explain the variations in these estimates, and probably it would be simpler to put the questions to him.

(Mr. Rippon): I do not want to ask how or why it happened, as to what it is due to; I think it is due to country buses and coaches. That is explained in the Exhibits, for which presumably Mr. Valentine is responsible.

(Mr. Harold Willis): So far as it is arithmetic, then of course at this stage the arithmetic is something which I am sure Sir Reginald will agree.

488. (Mr. Rippon): I think I said item 6, but I should have said item 8, £0.8m.?—Yes.

489. You lost £3.6m. as a result of the Transport Tribunal's decision and the Minister's intervention; on your

estimates you had a gain of £0.8m. for country buses and coaches, so that it appears, does it not, that somewhere or other in the London area you have lost £2.2m. of your anticipated increase?—May we go back a little? We had the £2.4m. and the £1.2m. which gave us the £3.6m.?

490. Yes.—We deduct from that, I think you suggested, £0.8m.

491. That is a gain on country buses and coaches.—A gain, so you add it?

492. No, you take it away.—That is what I suggested. That is £2.8m.

493. Yes, and the difference between that £2.8m. and the £5m. which I suggested you lost instead of the increased revenue expected to be gained, leaves £2.2m.?—We started, did we not, with a figure of £91m. as being the target?

494. Yes, and "Y" year shows £88.3m.—Yes, £88.3m.

(Mr. Harold Willis): It is the £5m. difference that at the moment I do not follow, Mr. Rippon.

(The Witness): No, I do not follow it either.

(Mr. Rippon): The actual for 1951 was £78.4m.

(Mr. Harold Willis): But it is not 1951 we are reconciling. I thought we were seeking to reconcile "X-A" year and "Y" year?

(The Witness): Yes.

(Mr. Harold Willis): 1951 is not relevant for the purposes of this particular question.

(Mr. Rippon): It is relevant to the extent to which you underestimated the revenue in "X-A" year.

495. (President): Mr. Willis, I think perhaps you could let Mr. Rippon pursue his line, and he will get the figures he wants to put to the witness clear, whether they are right or wrong.—You start with the £91m. You take off £3.6m. which I think we discussed a moment ago—that is the £2.4m. plus the £1.2m.

496. (Mr. Rippon): No, you are going a little too fast now. We have your estimated "X-A" year figure of £76.1m. plus £14.9m., and that makes £91m.?—Yes.

497. Your estimate in B.T.C. 401 of "Y" year is £88.3m.?—Right; put that down and put a line under it.

498. Now your actual for 1951 turned out to be £78.4m. That was the figure we had not got at the 1951 Inquiry?—Yes, but we are back in 1951 now.

499. You seem to rely very much on it in B.T.C. 401; it is the only actual figure we have before us in this Inquiry; all the rest is "X" year or "X-A" year, or "Y" year, plussed up and minussed down. We must clutch, like drowning men, to the actual figure for 1951.—But they are at least a full year on a coherent basis of assumption, whereas 1951 is the effect of adding up the actual operating costs over 365 days.

(Mr. Rippon): Yes, it is an actual figure. "X-A" year was a hypothetical figure, in which we were left to imagine what would happen in 1951 which, for all sorts of reasons, was going to be a bad year.

(President): Let us get back to building up or pulling down the figure. Start again with your 1951 figure, if you want to begin at the beginning, or with your "Y" figure if you want to begin at the end.

500. (Mr. Rippon): Yes, Sir. (To the Witness): Your actual 1951 figure was £78.4m. in the result?—Yes.

501. And if you added £9.9m. to that, you would get the £88.3m. you give in "Y" year. £88.3m. represents an increase of £9.9m. on the actual for 1951?—Yes, agreed.

502. Which I am putting to you suggests that, for one reason or another, you got £5m. a year less as a result of the 1951 Scheme than you might at that time have expected to get?—Yes, but some of the difference may be accounted for by the difference between 1951 and "X-A" year. You must take it in two stages.



10 March, 1953]

Sir REGINALD HOLMES WILSON

[Continued]

503. We were told that "X-A" year was as realistic a build-up as was possible, having regard to what was then known of the circumstances?—Yes, but we suggested at the last Inquiry that "X-A" year would give us £91m.

504. Yes.—If you take off from that the effect of the Government intervention and what the Tribunal did, you will come back to £88.2m. which is roughly equivalent to the £88.3m. we have in "Y" year.

505. I am suggesting that you have really a more serious effect than that, of £3.6m.?—No, I suggest that is about all that has been lost.

506. There has been a gain of £0.8m. on country buses and coaches?—Yes. Add that on to the £91m.

507. And if you have had that gain, there must have been a loss somewhere else?—Yes, £3.6m.

508. And something additional to that?—Practically nothing at all. You will find that balances up most beautifully.

509. So what you are saying is that there has been no loss of anticipated revenue in London as a result of the operation of the 1951 Scheme, other than the effect of the Tribunal's decision and the Minister's intervention? In fact, there has been a gain of £0.8m.; is that what you are saying?—The £0.8m. has to be taken into account when comparing the £91m. with the £88.3m.

510. As long as we get it quite clear that you are definitely saying now that there was no loss of anticipated yield on the 1951 Scheme that is not accounted for by the Tribunal's decision and the Minister's intervention?—There is no substantial loss, no.

511. I think in November of last year when the question arose of the application for a 5 per cent. freight increase, you estimated the increased revenue as a result of the 1951 Scheme at £15m.?—I am sorry; I am afraid I have not followed you. When we came forward, did you say?

512. When you came forward in November of last year.

(Mr. Harold Willis): Do you mean for the freight increase?

513. (Mr. Rippon): Yes. You were then saying that the estimated increased yield as a result of the operation of the 1951 Scheme, when you then had the result of the Minister's intervention and the Tribunal's decision fully before you, would be an increase of about £15m. a year?—I do not remember that exact statement.

(Mr. Rippon): I am afraid, Sir, I only have the report in "The Times", of a statement issued by an official of the British Transport Commission.

(President): What is the date of the issue of "The Times"?

(Mr. Rippon): Unfortunately it has been cut out without the date, and no date appended. I had hoped that there would be no disagreement on the point. "The Times" is usually fairly reliable. I thought Sir Reginald would probably agree it.

(President): What is the cutting talking about? Is it purporting to quote from something said in the House, or something said in a Memorandum submitted to us, or what?

(Mr. Rippon): It is a comment by an official of the British Transport Commission, presumably given to the Press on the occasion of a debate in the House of Commons, just before Christmas I think this was, when the Minister announced that the British Transport Commission intended to submit a new Passenger Charges Scheme.

(Mr. Harold Willis): If we could just see it, probably we could identify it. (Same handed.)

(President): You will have to get some identification of that figure.

(Mr. Rippon): Perhaps I can put it again to the witness tomorrow morning?

(President): It is certainly no use putting to him an undated cutting.

514. (Mr. Rippon): I imagined it might be a figure which is generally known and understood. It seems such an important figure.—I cannot help thinking that you are referring to the increase in the freight, dock and canal charges, but I may be wrong.

(President): Mr. Rippon, what is said to us when we are consulted, we treat as confidential, but if you want to know, when we were consulted no figure was given to us as to what the passenger increases would realise for a given year after the Government intervention.

(Mr. Rippon): I just wondered if it was possible to try and quantify it.

(President): I gather Mr. Willis has found something.

(Mr. Harold Willis): The passage which is underlined by Mr. Rippon, which refers to the £15m., says this: "About £15m. a year additional revenue would result from the increased freight charges announced by the Minister of Transport in November. The Minister has stated that the Consultative Committee which has been advising him had found that unless charges were increased, the Commission would incur a deficit of between £20m. and £22m. in a full year. This would suggest that the extra amount needed to avoid a deficit from other sources than the freight increases would be between £5m. and £7m."

(The Witness): I recognise all those figures.

(Mr. Harold Willis): The only £15m. so far as I have been able to ascertain in that document is the £15m. of freight increases.

515. (Mr. Rippon): I am glad to have those figures before us, because I want to go on to deal with those now. I was not referring—I am afraid my learned friend had started to read it before I could stop him—to the paragraph I had underlined. I was referring to the paragraph at the very bottom of the page. After all this explanation about freight increases, it was stated: "The revenue resulting from the modified Schemes was at the rate of about £15m. a year". That is referring back to the Fares Inquiry, but I will try before tomorrow to check up what statement was actually made.—I do not take any responsibility for it, whether you check it up or not.

516. I had only put that to you as a figure, because I had seen it. In the ordinary way, I might well have asked: "What is your estimate"?—I can assure you I did not produce that figure.

517. I think it was also stated in the Autumn of last year that increased costs and charges in 1952 amounted to about £32m.?—I thought that included other things besides wages.

518. Wages and costs—increased prices?—I thought so, yes.

519. I think you did give those figures in more detail in your evidence yesterday. I think it was about £14.3m. for increased coal, fuel and steel charges, and increased National Insurance contributions?—Yes.

520. And £18m. from wages increases?—That is right.

521. As I understood it, as far as the £14.3m. was concerned, increased prices, you still hoped that you might be able to balance your budget because of a £2m. increase in sub-standard fares, various operating economies and increases in the bus fares of the companies operated by Tilling, and so forth?—And the general pattern of traffic and the outlook as a whole.

522. And that was broadly the position in November, 1952, when the Application for the 5 per cent. freight increase was made?—No, not when the Application for the freight increase was made. That was the position in August and September. We were still hoping that somehow or other it would be possible to balance the budget without asking for increased freight charges and passenger charges on London Transport and British Railways.

523. When did the wage increases take place?—They took place at various dates. The London Transport wage increase was, I think, retrospective to the end of September—26th September, I think it was.

10 March, 1953]

Sir REGINALD HOLMES WILSON

[Continued]

524. When did you know about that?—I should think that that particular increase we knew about probably sometime in October, towards the end of October.

525. Before you made the Application for a 5 per cent. freight increase?—Certainly.

526. It was then stated with that knowledge in mind that unless freight charges were increased there would be a deficit of between £20m. and £22m. That is the figure you say you well remember?—Yes, because the wages increases were about £18m. or £19m.

527. Yes, that is right, and you well remember that at that time you estimated that about £15m. would be received as a result of the freight increase, the figure which my learned friend Mr. Willis has just read to you from "The Times"?—Yes. The freight increase on British Railways, you mean, including collection and delivery services and the increase on Docks and Canals. There was also an increase on Road Haulage to be taken into account, and the whole lot added up to something just short of £15m.

528. So that is not very correctly phrased then in "The Times"?—What is not correctly phrased?

529. "About £15m. a year additional revenue would result from the increased freight charges announced by the Minister of Transport in November"?—No, because there is a figure of £2½m. for Road Haulage in that.

530. I follow, thank you. That leaves about £5m. to £7m. to be found?—Yes.

531. You now say that you expect a small surplus in 1952?—Yes.

532. What has happened since November to lead you to anticipate that more satisfactory result?—We have had a freight increase which operated as from the 1st December. That is the main cause.

533. Still leaving in a full year about £5m. to £7m. to be found to make up the deficit of between £20m. and £22m.?—Yes.

534. You said that in that £15m. there is an allowance of £2½m. for the Road Haulage increase?—Yes, the increase on the charges on the British Road Services.

535. What is the position as far as the additional £1m. from controlled buses is concerned? Is that something that operated well before that period?—It operates at all kinds of dates, according to the date of the Application made by the individual company to the local Licensing Authority.

536. Were the increases as far as the Road Haulage Executive is concerned made at the same time as the freight increases? When did they come into operation?—The railway freight increases, yes.

537. They are a part of the freight increases?—One may regard them as part of the freight increases. They are two different services; one is subject to the jurisdiction of the Minister and the Consultative Committee and the other is not. They are both done at the same point of time.

538. But the increase of the £2½m. you can get without authority?—Yes.

539. The 5 per cent. increase operated only in respect of those matters in which authority had to be obtained?—That is so, but it was roughly a 5 per cent. increase on Road Haulage also.

540. And that you are saying was only calculated to produce £12m. a year?—Including the Road Haulage Executive, it was calculated to produce £14½m.: £12m. for those charges which had to be authorised by the Minister under Section 82 of the Transport Act, and £2½m. for the British Road Services charges, making a total of £14½m.

541. So the figure of £15m., given also I think by the Minister in the House of Commons, and the figure given in the Press, was in fact rounded up to the extent of half a million?—Yes.

542. That is what you are now saying?—Yes, they were taken to the nearest million.

543. In B.T.C. 401 you show the figures of freight increases, the actual figure for 1951 being shown as £276.3m.?—Yes.

544. When did the 10 per cent. increase come into operation?—On 16th April, 1951, I think it was, and there was another 10 per cent. increase on 31st December, 1951.

545. Yes, that was the one I meant, the 10 per cent. increase. Was that right at the beginning of 1952?—Yes.

(President): It came into operation at midnight on 31st December.

546. (Mr. Rippon): Yes. (To the Witness): What was the anticipated yield from that?—I do not remember exactly, but I think it was £20m. odd—about £22m. I think.

547. So about £296m. was what you would expect to get in 1952 on the calculation you then made?—No, because 1951 does not contain the full year effect of the April increase of 10 per cent.

548. What figure would you have expected to get making an allowance for that—rather more?—I should say £6m. additional.

549. A total of about £28m. in 1952 on the actual figure for 1951?—Yes.

550. That is about £304m.?—Yes, but you have more to add on yet.

551. You have the 5 per cent. to add on?—One month of the 5 per cent.; another £1m. let us say.

552. £305m. This year you get the full effect of the 5 per cent.?—In 1953, yes.

553. Which, you say, will be £12m.?—Yes.

554. That should give you, should it not, a figure of £317m.?—Have you added £11m. or £12m.?

555. £12m.—You had already added £1m. for 1952, have you not?

556. Yes, I am sorry, you are quite right. It is £316m.—Do you mind if I take these down, or I shall be lost in a moment if I do not. We had the £276m., we added £6m. for the April, 1951, increase, and then £12m.—

557. £22m. for the effect in a full year.—If you add £21m., I think that is more like it. Add £21m. for the 10 per cent. increase at the end of 1951; add another £1m. for the 5 per cent. increase on 1st December, 1952, and now you say add £11m. to bring that up to the full year for 1953. I am following you, am I?

558. Yes, that is right. That gives you £315m.?—£315m., yes.

559. You show "Y" year as £310m. What has happened to the £5m., the difference between £315m. on the calculations we have just made, and the figure of £310m. which you have included in B.T.C. 401 as the expected yield from freight in 1953?—There has been a certain decline in the traffics.

560. A certain decline in the traffics?—Yes, a decline we estimate of about £6m. on £300m.

561. When was that estimate made?—About three weeks ago.

562. It does not appear in this Scheme then, does it?—Yes, because that is what brings us back to the £310m. If you had asked me I could have given you an exact reconciliation between the £276m. and the £310m.

563. Yes, but this Scheme was drawn up, was it not, a matter of a few weeks, almost a few days, after you had been saying what the expected yield of the increase on the freight would be?—Yes, but we have the figures drafted out week by week. We can see what is happening when we come to the final figure which I have down in front of me as the decline figure; we do not have to wait until right the last moment to do that; we are watching it the whole time. The trend is quite clearly discernible.

564. It was a trend clearly discernible, you are saying, at the time when you drew up this table in December of last year?—When we drew up this Scheme in December of last year, yes.

10 March, 1953]

SIR REGINALD HOLMES WILSON

[Continued]

565. You knew it was going to be £310m.?—Yes.

566. And yet on the calculation we have just made we have arrived at a figure of £315m.

(Mr. Harold Willis): No, you are putting a false assumption, Mr. Rippon. You are merely doing arithmetic from 1951, not taking into account the changed level of traffics.

(The Witness): May I clear this up?

(Mr. Harold Willis): There has been a decline right through 1952 in fact.

(The Witness): May I start from the beginning, or we shall not get it right otherwise. The estimate of traffics for a year ahead is, made more or less *de novo*; you decide what you think those traffics are going to be, and you decide in the light of all the trends that you have experienced up to that time, all the factors which you can foresee, and you decide what is the probable yield. Having got to that probable yield, you can then reconcile that with any particular estimate that has been made at any other point of time, or you can reconcile it with the actual receipts in any given year. Our estimate for "Y" year is £310m. as you have pointed out, and as you have also pointed out, the actual receipts under the same heads in 1951 were £276m. Now we want a reconciliation of that figure.

567. Yes.—The reconciliation is, roughly, some of the figures you have been giving me: Say £6m. for the 10 per cent. increase on 16th April, £21m. for the 10 per cent. increase on the 31st December, another £1m. for the last month of 1952 in respect of the 5 per cent. increase; there is another £1m. for various minor increases in the charges made for mails and parcels.

568. That is a new one?—Then we have the balance of the effect of the 5 per cent. increase in a full year; let us say another £11m. I am only giving you very round figures.

569. Yes.—Now you will find that that figure brings us out to about £6m. more than the £310m. we estimated, but that is because we knew when we were estimating ahead that traffics were declining.

570. So that £6m. has been lost somewhere—that is really what it comes to—as a result of the decline in traffic?—All you can say is that traffics have declined. If you will look up the statistical tables which are published every month, you will see that the exact analysis is there for every month. I can assure you that nothing has been lost; you will see the facts which are stated in the statistical tables.

571. Are you able to give the totals for 1952 and the first month of this year, so that we can reach an actual figure?—I would rather not attempt to anticipate the annual accounts. In a simple matter of this sort you will find the figures set out month by month in the statistical accounts; I think that should be adequate enough.

572. I was wondering whether you could do some of our work for us; we have not so many operatives to compile these statistics.

(President): You have only to buy the last number of the 1952 Series or the first number of the 1953 series; you will there get the 1952 figure.

(Mr. Rippon): I want the figure for the first few months of this year, Sir.

(President): Then you will have to buy the 1953 series; they all cost half-a-crown. It will not need a great many operatives; it will only need a few half-crowns.

(The Witness): There has been a decline in the general merchandise traffics and a falling off of merchandise production. There has also been an increase in some of the other traffics. There has also been an increase in the—

(President): Perhaps we had better pursue this matter tomorrow morning, Mr. Rippon.

573. (Mr. Rippon): If I may make one last point, Sir, the only point is that whatever we may say about London having to share in the freight transport revenue, what we certainly do not want is for the freight transport revenue to be under-estimated and so the revenue of the British Transport Commission over-estimated.—That is quite true, but can it be said without any qualification that the estimate we have for "Y" Year is the most accurate we can make for the moment? I will say that we have been pretty accurate on these estimates of gross receipts; they only vary by a per cent. or two. I think we can take that as being quite a good figure.

(President): To-morrow morning at half-past 10 there is to be a discussion about the *locus* of one of the Objectors, the London Trades Council.

(Mr. Harold Willis): Do you wish the Transport Commission to be present for the purposes of that debate, Sir?

(President): It depends upon whether you want to offer any observations on behalf of the Commission about this question of *locus*. If you do not wish to do so, I shall not expect you to be here.

(Mr. Harold Willis): I am much obliged, Sir.

(Adjourned until tomorrow morning at 10.30 o'clock.)

# CORRIGENDA

PROCEEDINGS, THIRD DAY, 9TH MARCH, 1953

Amend list of appearances, in the third item, as follows:—

Mr. GEOFFREY LAWRENCE, Q.C., Mr. J. RAMSAY WILLIS and Mr. CHRISTOPHER HODSON (instructed by Sir Clifford Radcliffe, C.B.E., Solicitor and Clerk to the Middlesex County Council) appeared on behalf of the following County Councils: Middlesex, Berkshire, Buckinghamshire, East Sussex, Essex, Hertfordshire, Kent, Surrey and Southampton.

Page 29, paragraph 4, line 7: For "run" read "rather than".

Page 32, Question 58: For "7½ per cent." read "10½ per cent.".

